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 August 3, 2024
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	**85-1800912**
(State or other jurisdiction of incorporation or organization)	*(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:

Title of each class	***Trading Symbol(s)***	***Name of each exchange on which registered***
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 ☑	Accelerated filer ☐
Non-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 September 3, 2024, Academy Sports and Outdoors, Inc. had 70,308,612 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)

	August 3, 2024	February 3, 2024	July 29, 2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	**$ 324,568**	$ 347,920	$ 311,336
Accounts receivable - less allowance for doubtful accounts of $2,080, $2,217 and $2,534, respectively	**12,812**	19,371	14,625
Merchandise inventories, net	**1,366,616**	1,194,159	1,309,033
Prepaid expenses and other current assets	**108,392**	83,450	80,490
Total current assets	**1,812,388**	1,644,900	1,715,484
PROPERTY AND EQUIPMENT, NET	**470,752**	445,209	404,967
RIGHT-OF-USE ASSETS	**1,103,242**	1,111,237	1,091,145
TRADE NAME	**578,550**	578,236	577,929
GOODWILL	**861,920**	861,920	861,920
OTHER NONCURRENT ASSETS	**47,506**	35,211	23,971
Total assets	**$ 4,874,358**	$ 4,676,713	$ 4,675,416
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	**$ 704,578**	$ 541,077	$ 669,832
Accrued expenses and other current liabilities	**259,069**	217,932	234,011
Current lease liabilities	**124,628**	117,849	112,936
Current maturities of long-term debt	**3,000**	3,000	3,000
Total current liabilities	**1,091,275**	879,858	1,019,779
LONG-TERM DEBT, NET	**483,617**	484,551	583,729
LONG-TERM LEASE LIABILITIES	**1,083,390**	1,091,294	1,060,996
DEFERRED TAX LIABILITIES, NET	**252,919**	254,796	260,909
OTHER LONG-TERM LIABILITIES	**10,763**	11,564	11,964
Total liabilities	**2,921,964**	2,722,063	2,937,377
COMMITMENTS AND CONTINGENCIES (NOTE 10)			
STOCKHOLDERS' EQUITY:			
Preferred stock, $0.01 par value, authorized 50,000,000 shares; none issued and outstanding	**—**	—	—
Common stock, $0.01 par value, authorized 300,000,000 shares; 70,915,916; 74,349,927 and 74,845,563 issued and outstanding as of August 3, 2024, February 3, 2024 and July 29, 2023, respectively.	**709**	743	748
Additional paid-in capital	**244,584**	242,098	236,789
Retained earnings	**1,707,101**	1,711,809	1,500,502
Stockholders' equity	**1,952,394**	1,954,650	1,738,039
Total liabilities and stockholders' equity	**$ 4,874,358**	$ 4,676,713	$ 4,675,416

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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
NET SALES	**$ 1,548,980**	$ 1,583,077	**$ 2,913,200**	$ 2,966,686
COST OF GOODS SOLD	**990,255**	1,019,631	**1,898,681**	1,936,125
GROSS MARGIN	**558,725**	563,446	**1,014,519**	1,030,561
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**368,639**	352,483	**722,050**	693,402
OPERATING INCOME	**190,086**	210,963	**292,469**	337,159
INTEREST EXPENSE, NET	**9,071**	11,313	**18,557**	22,543
WRITE OFF OF DEFERRED LOAN COSTS	**—**	—	**449**	—
OTHER (INCOME), NET	**(5,531)**	(3,623)	**(10,735)**	(7,336)
INCOME BEFORE INCOME TAXES	**186,546**	203,273	**284,198**	321,952
INCOME TAX EXPENSE	**43,958**	46,198	**65,145**	70,907
NET INCOME	**$ 142,588**	$ 157,075	**$ 219,053**	$ 251,045
EARNINGS PER COMMON SHARE:				
BASIC	**$ 1.99**	$ 2.06	**$ 3.00**	$ 3.28
DILUTED	**$ 1.95**	$ 2.01	**$ 2.93**	$ 3.19
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	**71,829**	76,104	**72,911**	76,483
DILUTED	**73,289**	78,091	**74,651**	78,735

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	Total Stockholders' Equity
	Shares	Amount			
Balances as of February 3, 2024	74,350	$ 743	$ 242,098	$ 1,711,809	$ 1,954,650
Net income	—	—	—	76,465	76,465
Equity compensation	—	—	6,138	—	6,138
Repurchase of common stock for retirement	(1,984)	(19)	(7,625)	(115,856)	(123,500)
Settlement of vested Restricted Stock Units, net of shares withheld	98	1	(2,798)	—	(2,797)
Stock option exercises, net of shares withheld	127	1	2,746	—	2,747
Cash dividends declared, $0.11 per share	—	—	—	(8,182)	(8,182)
Balances as of May 4, 2024	72,591	$ 726	$ 240,559	$ 1,664,236	$ 1,905,521
Net income	—	—	—	142,588	142,588
Equity compensation	—	—	7,955	—	7,955
Repurchase of common stock for retirement	(1,810)	(18)	(6,961)	(91,802)	(98,781)
Settlement of vested Restricted Stock Units, net of shares withheld	43	—	(574)	—	(574)
Issuance of common stock under employee stock purchase plan	62	1	2,818	—	2,819
Stock option exercises, net of shares withheld	30	—	787	—	787
Cash dividends declared, $0.11 per share	—	—	—	(7,921)	(7,921)
Balances as of August 3, 2024	70,916	$ 709	$ 244,584	$ 1,707,101	$ 1,952,394

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	Total Stockholders' Equity
	Shares	Amount			
Balances as of January 28, 2023	76,712	$ 767	$ 216,209	$ 1,411,330	$ 1,628,306
Net income	—	—	—	93,970	93,970
Equity compensation	—	—	11,382	—	11,382
Repurchase of common stock for retirement	(750)	(8)	(2,450)	(47,806)	(50,264)
Settlement of vested Restricted Stock Units, net of shares withheld	93	1	(2,470)	—	(2,469)
Stock option exercises, net of shares withheld	385	4	6,962	—	6,966
Cash dividends declared, $0.09 per share	—	—	—	(6,929)	(6,929)
Balances as of April 29, 2023	76,440	$ 764	$ 229,633	$ 1,450,565	$ 1,680,962
Net income	—	—	—	157,075	157,075
Equity compensation	—	—	8,501	—	8,501
Repurchase of common stock for retirement	(1,994)	(20)	(7,087)	(100,242)	(107,349)
Settlement of vested Restricted Stock Units, net of shares withheld	41	—	(268)	—	(268)
Issuance of common stock under employee stock purchase plan	67	1	2,886	—	2,887
Stock option exercises, net of shares withheld	292	3	3,124	—	3,127
Cash dividends declared, $0.09 per share	—	—	—	(6,896)	(6,896)
Balances as of July 29, 2023	74,846	$ 748	$ 236,789	$ 1,500,502	$ 1,738,039

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	
	August 3, 2024	**July 29, 2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 219,053**	$ 251,045
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**57,771**	52,021
Non-cash lease expense	**7,271**	1,604
Equity compensation	**14,093**	19,883
Amortization of deferred loan and other costs	**1,279**	1,348
Deferred income taxes	**(1,876)**	1,866
Write off of deferred loan costs	**449**	—
Gain on disposal of property and equipment	—	(361)
Changes in assets and liabilities:		
Accounts receivable, net	**6,559**	1,878
Merchandise inventories, net	**(172,457)**	(25,516)
Prepaid expenses and other current assets	**(24,943)**	(37,559)
Other noncurrent assets	**(7,462)**	(6,924)
Accounts payable	**153,613**	(12,446)
Accrued expenses and other current liabilities	**19,073**	(3,316)
Income taxes payable	**19,801**	805
Other long-term liabilities	**(1,201)**	(762)
Net cash provided by operating activities	**291,023**	243,566
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(73,425)**	(109,759)
Purchases of intangible assets	**(314)**	(213)
Proceeds from the sale of property and equipment	—	2,126
Net cash used in investing activities	**(73,739)**	(107,846)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Revolving Credit Facilities	**3,900**	—
Repayment of Revolving Credit Facilities	**(3,900)**	—
Repayment of Term Loan	**(1,500)**	(1,500)
Debt issuance fees	**(5,690)**	—
Proceeds from exercise of stock options	**3,575**	11,639
Proceeds from issuance of common stock under employee stock purchase program	**2,819**	2,887
Taxes paid related to net share settlement of equity awards	**(3,412)**	(4,283)
Repurchase of common stock for retirement	**(220,325)**	(156,447)
Dividends paid	**(16,103)**	(13,825)
Net cash used in financing activities	**(240,636)**	(161,529)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(23,352)**	(25,809)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**347,920**	337,145
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 324,568**	$ 311,336

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

	Twenty-Six Weeks Ended	
	August 3, 2024	**July 29, 2023**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	**$ 17,564**	$ 21,521
Cash paid for income taxes	**$ 45,788**	$ 69,169
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		
Non-cash capital expenditures	**$ 16,575**	$ 5,542
Right-of-use assets obtained in exchange for new operating leases	**$ 56,185**	$ 45,237

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. All of the Company's sales and business operations occur at Academy, Ltd., and Academy, Ltd. is also the borrower and/or issuer of the Company's long-term debt and lessee of facilities. Our fiscal year represents the 52 or 53 weeks ending on the Saturday closest to January 31.

The Company is a leading full-line sporting goods and outdoor recreational products retailer in the United States in terms of net sales. As of August 3, 2024, we operated 285 "Academy Sports + Outdoors" retail locations in 19 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.

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 February 3, 2024, as filed with the Securities and Exchange Commission on March 21, 2024 (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 August 3, 2024 are not necessarily indicative of the results that will be realized for the fiscal year ending February 1, 2025 or any other period. The balance sheet as of February 3, 2024 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., L.L.C., Associated Investors, L.L.C., Academy, Ltd., the Company's operating company, Academy Procurement Co., LLC, 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.

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 29, 2023 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. On November 29, 2023, the Board of Directors authorized a new share repurchase program (the "2023 Share Repurchase Program") under which the Company may purchase up to $600 million of its outstanding shares during the three-year period ending November 29, 2026. The 2023 Share Repurchase Program, 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.

The following table summarizes our share repurchases for the periods presented:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Shares repurchased	**1,809,856**	1,994,064	**3,793,823**	2,744,074
Aggregate amount paid (amounts in millions) (1)	**$ 98.8**	$ 107.3	**$ 222.3**	$ 157.6

(1) Includes estimated excise tax fees of $0.9 million and $2.0 million for the thirteen and twenty-six weeks ended August 3, 2024, respectively, and $0.9 million and $1.2 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively.

As of August 3, 2024, we no longer had availability under the 2021 Share Repurchase Program or 2022 Share Repurchase Program, and we had $476.4 million available under the 2023 Share Repurchase Program.

Supplier Finance Programs

We have previously entered into a supply chain financing arrangement with a third-party financial institution, whereby certain suppliers have the ability to settle outstanding payment obligations earlier than the due date required by our original supplier terms. Subsequently, we settle invoices with the financial institution within 45 days, which approximates our original supplier terms. The Company does not have an economic interest in suppliers' voluntary participation, does not provide any guarantees or pledge assets under these arrangements, and our rights and obligations to our suppliers, including amounts due, are not impacted. Our liability associated with these arrangements, which is presented within accounts payable on the condensed consolidated balance sheets, was $5.1 million, $7.2 million and $6.6 million as of August 3, 2024, February 3, 2024 and July 29, 2023, respectively.

Recent Accounting Pronouncements

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09: Improvements to Income Tax Disclosures. This pronouncement is intended to enhance the transparency and decision usefulness of income tax disclosures and establishes new income tax disclosure requirements, including requiring disaggregation of a reporting entity's effective tax rate reconciliation and disaggregation of the income taxes paid based on the applicable tax jurisdiction. The new guidance is effective for fiscal years beginning after December 15, 2024 and should be applied on a prospective basis with the option to apply the standard retrospectively. The Company is currently evaluating the impact that the adoption of this accounting standard will have on its financial disclosures.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to enhance the disclosures on reportable segments. Under this pronouncement, all public entities (including those with a single reporting segment) are required to include incremental disclosures related to a public entity's reportable segments, including disclosure of disaggregated expense information that is regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The new guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and should be adopted retrospectively. The Company is currently evaluating the impact that the adoption of this accounting standard will have on its financial disclosures.

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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Merchandise division sales [1]				
Outdoors	**$ 391,703**	$ 388,437	**$ 766,597**	$ 754,746
Sports and recreation	**402,025**	433,570	**752,613**	799,875
Apparel	**436,564**	446,426	**772,204**	791,674
Footwear	**312,119**	308,032	**604,553**	604,323
Total merchandise sales [2]	**1,542,411**	1,576,465	**2,895,967**	2,950,618
Other sales [3]	**6,569**	6,612	**17,233**	16,068
Net Sales	**$ 1,548,980**	$ 1,583,077	**$ 2,913,200**	$ 2,966,686

(1) 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 29, 2023, for comparability purposes. This reclassification is in divisional presentation only and did not impact the overall net sales balances previously disclosed.

(2) E-commerce sales consisted of 9.7% and 9.4% for the thirteen and twenty-six weeks ended August 3, 2024, respectively, and 9.4% and 8.8% for the thirteen and twenty-six weeks ended July 29, 2023, respectively.

(3) Other sales consisted primarily of the gift card breakage income, credit card bounties and royalties, shipping income, net hunting and fishing license income, sales return allowance 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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Gift card liability, beginning balance	$ 82,269	$ 78,112	**$ 94,155**	$ 90,650
Issued	**25,777**	25,820	**43,797**	43,113
Redeemed	**(28,019)**	(28,076)	**(56,564)**	(56,791)
Recognized as breakage income	**(1,259)**	(1,106)	**(2,620)**	(2,222)
Gift card liability, ending balance	**$ 78,768**	$ 74,750	**$ 78,768**	$ 74,750

4. Long-Term Debt

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

	August 3, 2024	February 3, 2024	July 29, 2023
ABL Facility, due March 2029	**$ —**	$ —	$ —
Term Loan, due November 2027	**90,250**	91,750	193,250
Notes, due November 2027	**400,000**	400,000	400,000
Total debt	**490,250**	491,750	593,250
Less current maturities	**(3,000)**	(3,000)	(3,000)
Less unamortized discount on Term Loan	**(431)**	(501)	(1,196)
Less deferred loan costs (1)	**(3,202)**	(3,698)	(5,325)
Long-term debt, net	**$ 483,617**	$ 484,551	$ 583,729

(1) Deferred loan costs are related to the Term Loan and Notes.

As of August 3, 2024, February 3, 2024 and July 29, 2023, the balance in deferred loan costs related to the ABL Facility (as defined below) was approximately $6.9 million, $2.1 million and $2.6 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 $1.2 million for the thirteen and twenty-six weeks ended August 3, 2024, respectively, and $0.6 million and $1.2 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively. Total expenses related to accretion of original issuance discount was $0.0 and $0.1 million for the thirteen and twenty-six weeks ended August 3, 2024, respectively, and $0.1 million and $0.2 million for the thirteen and twenty-six weeks ended July 29, 2023, 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 amendments thereto 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"). 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. Under the Amendment, the Term Loan bore interest, at Academy, Ltd.'s election, at either (1) LIBOR rate with a floor of 0.75%, plus a margin of 3.75%, 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%.

On May 17, 2023, Academy, Ltd. entered into a Conforming Changes 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 and the several lenders party thereto and the several other parties named therein, which updated the Term Loan benchmark base interest rate from LIBOR to Adjusted Term SOFR (as defined in the Conforming Changes Amendment to the Second Amended and Restated Credit Agreement). The transition of our Term Loan to Adjusted Term SOFR became effective on August 1, 2023. Borrowings under the Term Loan bear interest, at our election, at either (1) Adjusted Term SOFR with a floor of 0.75% rate plus a margin of 3.75% or (2) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) the U.S. "prime rate" announced by the administrative agent, or (c) the one-month Adjusted Term SOFR with a floor of 0.75% rate, plus a margin of 3.75%. Quarterly principal payments of $750 thousand are required through September 30, 2027 and borrowings mature on November 6, 2027. As of August 3, 2024, the weighted average interest rate was 9.19%, with interest payable monthly. The terms and conditions of the Term Loan also require that the outstanding balance under the Term Loan is prepaid under certain circumstances. As of August 3, 2024, no prepayment was due under the terms and conditions of the 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

We refer to the 2020 ABL Facility and the amendments thereto collectively as the "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 November 6, 2020, 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 "2020 ABL Facility").

On March 30, 2023, Academy, Ltd., as borrower, and the guarantors, amended the 2020 ABL Facility by entering into an amendment to the First Amended and Restated ABL Credit Agreement, dated as of July 2, 2015, with JP Morgan Chase Bank, N.A. as the ABL Agent and the several lenders party thereto, which ABL amendment updated its benchmark base interest rate from LIBOR to Adjusted Term SOFR.

On March 8, 2024, Academy, Ltd., as borrower, and New Academy Holding Company, LLC, Associated Investors, L.L.C. and Academy Managing Co., L.L.C., as guarantors, entered into an amendment (the “ABL 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’s asset-based revolving credit facility (the “ABL Credit Facility”) to March 8, 2029, unless (i) more than $100 million of the aggregate principal amount of the Notes or the Term Loan, or any refinancing thereof, in each case, is outstanding on the date that is 91 days prior to the earliest maturity date of any such indebtedness or (ii) equal to or less than $100 million of the aggregate principal amount of the Notes or the Term Loan, in either case, is outstanding on the date that is 91 days prior to the earliest maturity date of any such indebtedness and a Reserve (as defined in the ABL Amendment) in the ABL Credit Facility has not been taken for such amount, then the maturity date of the ABL Credit Facility will be the date that is 91 days earlier than the earlier maturity date of the Notes and the Term Loan.

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 August 3, 2024, we had outstanding letters of credit of approximately $9.3 million, all of which were issued under the ABL Facility, and we had no borrowings outstanding under the ABL Facility, leaving an available borrowing capacity under the ABL Facility of $990.7 million.

Borrowings under the ABL Facility bear interest, at our election, at either (1) Adjusted Term SOFR 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 Adjusted Term SOFR 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 August 3, 2024, no future prepayments of outstanding loans have been triggered under the terms and conditions of the ABL Facility. In connection with the reduction of two lenders who dropped out of the ABL Facility, the Company wrote off $0.4 million of deferred loan costs related to the ABL Facility.

Covenants. The ABL Facility, Term Loan and Notes agreements contain covenants, including, among other things, covenants that may 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 August 3, 2024.

5. 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 cash equivalents on the condensed consolidated balance sheets and are redeemable on demand. As of August 3, 2024, February 3, 2024 and July 29, 2023, we held $254.7 million, $303.4 million and $145.7 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 August 3, 2024, February 3, 2024, and July 29, 2023, the estimated fair value of the Term Loan and Notes was $0.5 billion, $0.5 billion and $0.6 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.

6. Property and Equipment

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

	August 3, 2024	February 3, 2024	July 29, 2023
Leasehold improvements	**$ 605,746**	$ 571,785	$ 499,499
Equipment and software	**713,400**	688,143	659,693
Furniture and fixtures	**407,371**	398,415	364,423
Construction in progress	**53,326**	38,873	86,307
Building and Land	**14,921**	14,919	3,698
Total property and equipment	**1,794,764**	1,712,135	1,613,620
Accumulated depreciation and amortization	**(1,324,012)**	(1,266,926)	(1,208,653)
Property and equipment, net	**$ 470,752**	$ 445,209	$ 404,967

Depreciation expense was $28.9 million and $57.8 million in the thirteen and twenty-six weeks ended August 3, 2024, respectively, and $25.7 million and $52.0 million in the thirteen and twenty-six weeks ended July 29, 2023, respectively.

7. Accrued Expenses and Other Current Liabilities

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

	August 3, 2024	February 3, 2024	July 29, 2023
Accrued interest	**$ 6,964**	$ 6,717	$ 7,453
Accrued personnel costs	**34,472**	30,899	39,940
Accrued professional fees	**2,180**	1,818	2,328
Accrued sales and use tax	**17,979**	14,828	14,388
Accrued self-insurance	**15,953**	15,269	15,486
Deferred revenue - gift cards and other	**82,619**	96,688	78,095
Income taxes payable	**29,114**	9,313	2,184
Property taxes	**36,425**	14,239	37,639
Sales return allowance	**5,500**	6,400	6,300
Other	**27,863**	21,761	30,198
Accrued expenses and other current liabilities	**$ 259,069**	$ 217,932	$ 234,011

8. 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. On June 1, 2023, our stockholders approved the First Amendment to the 2020 Omnibus Incentive Plan, which, among other changes, increased the number of shares available for issuance thereunder by 2,600,000 shares. As of August 3, 2024, there were 4,112,148 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 August 3, 2024, there were 1,531,484 shares authorized and available for future issuance under the ESPP.

Equity compensation expense was $8.0 million and $14.1 million for the thirteen and twenty-six weeks ended August 3, 2024, respectively. Equity compensation expense was $8.5 million and $19.9 million for the thirteen and twenty-six weeks ended July 29, 2023, respectively. These costs are included in selling, general and administrative expenses in the consolidated statements of income. For all Awards granted in 2023 and 2024, for team members that meet the age and service requirement for retirement eligibility (as defined in the award agreement), such Awards do not require the continued employment of the team member for vesting eligibility. In such cases, expensing of Awards is accelerated through the retirement eligibility date.

The following table presents the Award grants during the twenty-six weeks ended August 3, 2024:

	Service Restricted Stock Units	Performance Restricted Stock Units
Number of shares	390,585	129,041
Weighted average grant date fair value per Award	$ 63.51	$ 65.48
Weighted average exercise price per Award	N/A	N/A

The following table presents the unrecognized compensation cost as of August 3, 2024:

	Service Options	Service Restricted Stock Units	Performance Restricted Stock Units
Remaining expense	$ 5,824,253	$ 31,174,588	$ 7,888,830
Weighted average life remaining in years	1.5	2.3	2.5

9. 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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Net income	**$ 142,588**	$ 157,075	**$ 219,053**	$ 251,045
Weighted average common shares outstanding - basic	**71,829**	76,104	**72,911**	76,483
Dilutive effect of Service Restricted Units and Service Restricted Stock Units	**135**	208	**275**	275
Dilutive effect of Performance Restricted Stock Units and Liquidity Event Restricted Units	**110**	167	**122**	174
Dilutive effect of Service Options	**1,080**	1,441	**1,221**	1,633
Dilutive effect of Performance Unit Options	**84**	117	**88**	134
Dilutive effect of ESPP Shares	**51**	54	**34**	36
Weighted average common shares outstanding - diluted	**73,289**	78,091	**74,651**	78,735
Earnings per common share - basic	**$ 1.99**	$ 2.06	**$ 3.00**	$ 3.28
Earnings per common share - diluted	**$ 1.95**	$ 2.01	**$ 2.93**	$ 3.19
Anti-dilutive stock-based awards excluded from diluted calculation	**129**	145	**120**	106

10. Commitments and Contingencies

Technology Related and Other Commitments

As of August 3, 2024, we have obligations under technology-related, construction and other contractual commitments in the amount of $91.4 million. Of such commitments, approximately $52.0 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 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. In addition, government agencies and self-regulatory organizations have the ability to conduct periodic examinations of and administrative proceedings regarding our business.

As previously disclosed, in May and December 2023, U.S. Customs and Border Protection ("CBP") notified us that we owed additional duties relating to certain products that we imported from China that CBP believed were subject to certain anti-dumping and/or countervailing duties. While we contested CBP’s determination, we were required to deposit with CBP duties relating to these products (the “AD/CVD deposits”), which are included in prepaid expenses and other current assets on the Company’s consolidated balance sheet. In January 2024, we requested a changed circumstances review of CBP’s determination by the U.S. Department of Commerce (the “DOC”). In April 2024, the DOC made a determination in the Company’s favor in connection with the changed circumstances review, and in May 2024, instructed CBP to begin the process of issuing refunds to the Company on the AD/CVD deposits. For additional details, see “Note 11, Subsequent Events” below.

Other than as discussed above, there have been no material developments during the fiscal quarter ended August 3, 2024, 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.

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 August 3, 2024, we have $12.7 million in related commitments through 2027, of which $6.1 million is payable in the next 12 months.

11. Subsequent Events

Our management evaluated events or transactions that occurred after August 3, 2024 through September 10, 2024, the issuance date of the consolidated financial statements, and identified the following matters to report:

Resolution of CBP Matter

As discussed above in Note 10, in May and December 2023, CBP notified us that we owed additional duties relating to certain products that we imported from China that CBP believed were subject to certain anti-dumping and/or countervailing duties. While we contested CBP's determination, we were required to deposit the AD/CVD deposits, which were included in prepaid expenses and other current assets on the Company's consolidated balance sheet. In January 2024, we requested a changed circumstances review of CBP's determination by the DOC. In April 2024, the DOC made a determination in the Company's favor in connection with the changed circumstances review, and in May 2024, instructed CBP to begin the process of issuing refunds to the Company on the AD/CVD deposits. In August 2024, subsequent to the period covered by this report, the Company received a full refund of the AD/CVD deposits. This matter is now resolved, and the refund will be recorded as cash within cash and cash equivalents on our unaudited condensed consolidated balance sheet for the quarter ending November 2, 2024.

Declaration of Dividend

On September 5, 2024, the Company's Board of Directors declared a quarterly cash dividend with respect to the fiscal quarter ended August 3, 2024, of $0.11 per share of the Company's common stock, payable on October 17, 2024, to stockholders of record as of the close of business on September 19, 2024.

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 macroeconomic conditions, 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 February 3, 2024 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC") on March 21, 2024, 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.

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;
- risks associated with our reliance on internationally manufactured merchandise;
- our ability to safeguard sensitive or confidential data relating to us and our customers, team members and vendors;
- intense competition in the sporting goods and outdoor recreation retail industries;
- our ability to operate, update or implement our information 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 private label 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;
- any failure to attract, train and retain quality team members in sufficient numbers, increases in wage and labor costs, and changes in laws and other labor issues;
- our ability to retain key personnel;
- the geographic concentration of our stores;
- fluctuations in merchandise (including raw materials) costs and availability;
- payment-related risks;
- the effectiveness of our marketing and advertising programs;
- our ability to protect against inventory shrink;
- our ability to successfully pursue strategic acquisitions and integrate acquired businesses.

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;
- risks related to climate change and other sustainability-related matters;
- 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;
- risks related to product safety;
- our ability to protect our intellectual property and avoid the infringement of third-party intellectual property rights.

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;
- our variable rate indebtedness subjects us to interest rate risk;
- restrictions on our current and future operations imposed by the terms of our indebtedness;
- 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

- our stock price is volatile or may decline;
- our ability or decision to pay dividends on our common stock or conduct stock repurchases;
- anti-takeover provisions in our organizational documents could delay or prevent a change of control;
- our exclusive forum provision; and
- you may be diluted by any future issuances of shares by us.

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 August 3, 2024 and our audited financial statements for the fiscal year ended February 3, 2024 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." All of the Company's sales and business operations occur at Academy, Ltd., and Academy, Ltd., is also the borrower and/or issuer of the Company's long-term debt and lessee of facilities.

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," "2024 second quarter," or similar reference refers to the thirteen week period ended August 3, 2024, and any reference to the "prior year quarter," "2023 second quarter" or similar reference refers to the thirteen week period ended July 29, 2023. Unless otherwise specified, all comparisons regarding the current period of 2024 are made to the corresponding period of 2023.

Overview

We are a leading full-line sporting goods and outdoor recreation retailer 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, sports and recreation, apparel, and footwear (representing 25%, 26%, 28%, and 20% of our 2024 second quarter net sales, respectively) through both leading national brands and a portfolio of 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 August 3, 2024, we operated 285 stores that range in size from approximately 40,000 to 137,000 gross square feet, with an average size of approximately 70,000 gross square feet, throughout 19 contiguous states located primarily in the southern United States. Our stores are supported by approximately 21,000 team members, three distribution centers, and our e-commerce platform, which includes our website at 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	
	August 3, 2024	**July 29, 2023**
Beginning stores	**282**	268
Q1 new stores	**2**	1
Q2 new stores	**1**	1
Closed	**—**	—
Ending stores	**285**	270
Relocated stores	**—**	—

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 the relative condition of the U.S. economy, 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. Additionally, the U.S. macroeconomic environment in which we operate remains challenging as the result of numerous factors, including continued high inflation, higher consumer debt and interest rates, reduced access to credit, employment and income uncertainty, and lower consumer sentiment, which are impacting consumer discretionary spending behavior and the promotional landscape in which we operate. The Company's 2024 fiscal year is a 52-week year, whereas the 2023 fiscal year was a 53-week year, which created a one week shift.

The comparable sales metric for the 2024 second quarter compares the thirteen and twenty-six weeks ended August 3, 2024 versus the thirteen and twenty-six weeks ended August 5, 2023. The prior year rate of decline in comparable store sales slowed in year-to-date 2024 compared to the two prior year periods, with a decrease of 6.4% compared to 7.4% and 6.7% in 2023 and 2022, respectively. See the discussion on Net Sales below for factors contributing to these changes.

Transactions and average ticket. We define transactions as the number of customer transactions for stores and e-commerce during a given period on a comparable sales basis. Transactions are influenced by customer traffic, the amount of customers that visited our stores or website, and sales conversion, the percent of those customers that made a purchase. We define average ticket as total comparable sales divided by the number of transactions during a given period, which tells us the average amount the customer is spending on a purchase.

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, our customer database 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.

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 private label 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 private label 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. Furthermore, our softgoods merchandise divisions, which consist of apparel and footwear, have higher margins than our hardgoods merchandise divisions, which consist of outdoors and sports and recreation. A shift in sales mix toward softgoods would generally have a positive impact on gross margin and a shift in sales mix towards hardgoods would generally have a negative impact on gross margin.

The expansion and enhancement of our omnichannel capabilities has resulted in increased sales in recent years. We continue to invest in initiatives that will increase traffic to our stores and e-commerce platform, which includes our website and mobile app, and drive increased sales conversion. These initiatives include investments in our new customer data platform and the development of strategies that focus on customer segmentation with the intention of improving customer identification and increasing customer engagement. Additionally, we recently implemented several innovative website features to enhance the customer online shopping experience, including a redesigned home page, additional BOPIS features, and enhanced shipping notifications. Our improved e-commerce platform supports our stores with digital marketing and our BOPIS and ship-to-store programs. These platforms allow us to connect further with our customers for marketing and product education and assists us in introducing customers to the Academy brand by reaching customers outside of our current store footprint. During the 2024 year-to-date second quarter, 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 further 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 as we execute our new store opening growth plans. 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 during 2023 we opened 14 new stores. 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, which 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 private label 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 (discussed below), 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.

We refer to loss or theft of inventory as "shrinkage" or "shrink". Over recent years, the United States retail industry, including Academy, has experienced a significant increase in inventory shrink, which has resulted in a negative impact to our gross margins. A prolonged period of significant increased shrink could have a material negative impact on our gross margin and results of operations.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses include store and corporate administrative payroll and payroll benefits, equity-based compensation, 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. SG&A expenses as a percentage of sales increased from 23.4% in the 2023 year-to-date second quarter to 24.8% in the 2024 year-to-date second quarter, which was primarily attributable to our store growth strategy as well as deleverage from decreased sales, partially offset by favorable reductions in equity compensation. 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 and corporate headcount, information technology infrastructure and marketing and advertising expenses, while efficiently and effectively servicing our customers.

Pre-opening expenses represent non-capital expenditures associated with the opening of new stores and distribution centers prior to sales generation or start of operations, which consist primarily of occupancy costs, marketing, payroll and recruiting costs, and are expensed as incurred. As we execute our new store opening growth plans, we expect our pre-opening expenses to increase and result in a negative impact to SG&A as a percentage of sales. The following table summarizes our pre-opening expense activity for the periods presented:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Number of new stores opened	**1**	1	**3**	2
Total pre-opening expenses incurred (in millions)	**$ 2.7**	$ 2.3	**$ 4.7**	$ 3.9

Interest Expense. Interest expense includes regular interest payable related to our Term Loan, Notes and ABL Facility (see Note 4 to our unaudited consolidated financial statements included under Part I, Item 1 of this Quarterly Report) and the amortization of our deferred loan costs and original issuance discounts associated with the acquisition of the debt. During the fourth quarter of 2023, we utilized cash on hand to voluntarily prepay $100 million of outstanding borrowings on our Term Loan. This pay down resulted in decreased interest expense in year-to-date 2024 as compared to the prior year period, and we anticipate it will result in decreased interest expense compared to 2023 throughout the remainder of 2024.

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.

Results of Operations

Thirteen Weeks Ended August 3, 2024 Compared to Thirteen Weeks Ended July 29, 2023

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	
	August 3, 2024		July 29, 2023		Dollars	Percent
Net sales	**$ 1,548,980**	**100.0 %**	$ 1,583,077	100.0 %	$ (34,097)	(2.2)%
Cost of goods sold	**990,255**	**63.9 %**	1,019,631	64.4 %	(29,376)	(2.9)%
Gross margin	**558,725**	**36.1 %**	563,446	35.6 %	(4,721)	(0.8)%
Selling, general and administrative expenses	**368,639**	**23.8 %**	352,483	22.3 %	16,156	4.6 %
Operating income	**190,086**	**12.3 %**	210,963	13.3 %	(20,877)	(9.9)%
Interest expense, net	**9,071**	**0.6 %**	11,313	0.7 %	(2,242)	(19.8)%
Other (income), net	**(5,531)**	**(0.4)%**	(3,623)	(0.2)%	(1,908)	52.7 %
Income before income taxes	**186,546**	**12.0 %**	203,273	12.8 %	(16,727)	(8.2)%
Income tax expense	**43,958**	**2.8 %**	46,198	2.9 %	(2,240)	(4.8)%
Net income	**$ 142,588**	**9.2 %**	$ 157,075	9.9 %	$ (14,487)	(9.2)%

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

Net Sales. Net sales decreased $34.1 million, or 2.2%, in the 2024 second quarter from the prior year second quarter as a result of decreased comparable sales of 6.9%, partially offset by additional sales generated by new locations. As of the end of the 2024 second quarter, we operated 15 additional stores as compared to the end of the 2023 second quarter, and we had the full benefit of one store opened during the 2023 second quarter. Collectively, these stores accounted for a $41.7 million increase in net sales in the current quarter compared to the 2023 second quarter, not including e-commerce sales fulfilled from these locations.

The decrease of 6.9% in comparable sales was driven by lower comparable sales across all merchandise divisions as a result of a 7.4% decrease in comparable transactions, partially offset by an increase in average ticket of 0.5%. The decrease of 2.2% in net sales was driven by decreased sales of 7.3% in the sports and recreation merchandise division and 2.2% in the apparel merchandise division, partially offset by increased sales of 1.3% in the footwear merchandise division and 0.8% in the outdoors merchandise division. The decrease in net and comparable sales primarily reflected challenging macroeconomic conditions. Additionally, a temporary reduction in outbound shipments at our Georgia distribution center related to a new warehouse management information system resulted in a decrease of approximately 2% in both net and comparable sales and several regional severe weather events resulted in a decrease of approximately 1% in both net and comparable sales.

E-commerce net sales represented 9.7% of merchandise sales for the 2024 second quarter compared to 9.4% for the prior year second quarter.

Gross Margin. Gross margin decreased $4.7 million, or 0.8%, to $558.7 million in the 2024 second quarter from $563.4 million in the 2023 second quarter. As a percentage of net sales, gross margin increased 50 basis points from 35.6% in the 2023 second quarter to 36.1% in the 2024 second quarter. The increase in gross margin was primarily attributable to product cost management, including lower transportation costs. These improvements were partially offset by increased planned promotional activity compared to the 2023 second quarter.

Selling, General and Administrative Expenses. SG&A expenses increased $16.2 million, or 4.6%, to $368.6 million in the 2024 second quarter as compared to $352.5 million in the 2023 second quarter. As a percentage of net sales, SG&A expenses increased 150 basis points to 23.8% in the 2024 second quarter compared to 22.3% in the 2023 second quarter. The increase in SG&A is partially attributable to deleverage from decreased sales. SG&A costs also increased $16.2 million primarily as a result of our increased strategic investments of $17.1 million in new stores and technology, which was partially offset by favorable reductions in equity compensation.

Interest Expense. Interest expense decreased $2.2 million, or 19.8%, in the 2024 second quarter when compared with the 2023 second quarter, resulting from a lower outstanding balance on our long-term debt driven by a voluntary prepayment of $100.0 million made on February 1, 2024, slightly offset by higher interest rates.

Other (Income), net. Other (income), net, increased $1.9 million in the 2024 second quarter when compared with the 2023 second quarter, primarily driven by higher interest rates on increased money market investments in the current year.

Income Tax Expense. Income tax expense decreased $2.2 million to $44.0 million for the 2024 second quarter as compared to $46.2 million in the 2023 second quarter, resulting primarily from a decrease in pre-tax income. The Company's effective income tax rate was 23.6% in the second quarter of 2024 compared to 22.7% in the second quarter of 2023. The increase in effective tax rate is primarily the result of a reduction in excess tax benefits for share-based compensation in 2024 compared to 2023.

Twenty-Six Weeks Ended August 3, 2024 Compared to Twenty-Six Weeks Ended July 29, 2023

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	
	August 3, 2024		**July 29, 2023**		**Dollars**	**Percent**
Net sales	**$ 2,913,200**	**100.0 %**	$ 2,966,686	100.0 %	$ (53,486)	(1.8)%
Cost of goods sold	**1,898,681**	**65.2 %**	1,936,125	65.3 %	(37,444)	(1.9)%
Gross margin	**1,014,519**	**34.8 %**	1,030,561	34.7 %	(16,042)	(1.6)%
Selling, general and administrative expenses	**722,050**	**24.8 %**	693,402	23.4 %	28,648	4.1 %
Operating income	**292,469**	**10.0 %**	337,159	11.4 %	(44,690)	(13.3)%
Interest expense, net	**18,557**	**0.6 %**	22,543	0.8 %	(3,986)	(17.7)%
Write off of deferred loan costs	**449**	**— %**	—	— %	449	NM
Other (income), net	**(10,735)**	**(0.4)%**	(7,336)	(0.2)%	(3,399)	46.3 %
Income before income taxes	**284,198**	**9.8 %**	321,952	10.9 %	(37,754)	(11.7)%
Income tax expense	**65,145**	**2.2 %**	70,907	2.4 %	(5,762)	(8.1)%
Net income	**$ 219,053**	**7.5 %**	$ 251,045	8.5 %	$ (31,992)	(12.7)%

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

Net Sales. Net sales decreased $53.5 million, or 1.8%, for the year-to-date 2024 over the year-to-date 2023 as a result of decreased comparable sales of 6.4%, which were partially offset by additional net sales generated by new locations. As of the end of the 2024 second quarter, we operated 15 additional stores as compared to the end of the 2023 second quarter, and we had the full benefit of two stores opened during the year-to-date 2023 second quarter. Collectively, these stores accounted for a $76.9 million increase in net sales for the year-to-date 2024, not including e-commerce sales fulfilled from these locations.

The decrease of 6.4% in comparable sales was driven by lower comparable sales across all merchandise divisions as a result of a 6.1% decrease in comparable transactions while the average ticket remained relatively flat. The decrease of 1.8% in net sales was driven by decreased sales of 5.9% in the sports and recreation merchandise division and 2.5% in the apparel division, partially offset by an increase of 1.6% in the outdoors merchandise division, while footwear sales remained relatively flat. The decrease in net and comparable sales primarily reflected challenging macroeconomic conditions. Additionally, a temporary reduction in outbound shipments at our Georgia distribution center related to a new warehouse management information system resulted in a decrease of approximately 1% in both net and comparable sales and several regional severe weather events resulted in a decrease of approximately 0.5% in both net and comparable sales.

E-commerce net sales represented 9.4% of merchandise sales for the year-to-date 2024 compared to 8.8% for the year-to-date 2023.

Gross Margin. Gross margin decreased $16.0 million, or 1.6%, to $1,014.5 million for the year-to-date 2024 from $1,030.6 million for the year-to-date 2023. As a percentage of net sales, gross margin increased 10 basis points from 34.7% for the year-to-date 2023 to 34.8% for the year-to-date 2024. The increase in gross margin was primarily attributable to product cost management, including lower transportation costs. These improvements were partially offset by increased planned promotional activity compared to year-to-date 2023.

Selling, General and Administrative Expenses. SG&A expenses increased $28.6 million, or 4.1%, to $722.1 million for the year-to-date 2024 as compared to $693.4 million for the year-to-date 2023. As a percentage of net sales, SG&A expenses increased 140 basis points to 24.8% for the year-to-date 2024 compared to 23.4% for the year-to-date 2023. The increase in SG&A is partially attributable to deleverage from decreased sales. SG&A costs also increased $28.6 million primarily as a result of our increased strategic investments of $33.6 million in new stores and technology, which was partially offset by favorable reductions in equity compensation.

Interest Expense. Interest expense decreased $4.0 million, or 17.7%, for the year-to-date 2024 when compared with the year-to-date 2023, resulting from a lower outstanding balance on our long-term debt driven by a voluntary prepayment of $100.0 million made on February 1, 2024, slightly offset by higher interest rates.

Other (Income), net. Other (income), net, increased $3.4 million for the year-to-date 2024 when compared with the year-to-date 2023, primarily driven by higher interest rates on increased money market investments in the current year.

Write off of Deferred Loan Costs. Write off of Deferred Loan Costs increased by $0.4 million for the year-to-date 2024 when compared with the year-to-date 2023, in connection with the amendment in the 2024 first quarter that led to the write off of deferred loan costs on the ABL Facility for the year-to-date 2024.

Income Tax Expense. Income tax expense decreased $5.8 million to $65.1 million for the year-to-date 2024 as compared to $70.9 million for the year-to-date 2023, resulting primarily from a decrease in pre-tax income. The Company's effective income tax rate was 22.9% for the year-to-date 2024 compared to 22.0% for the year-to-date 2023. The increase in effective tax rate is primarily the result of a reduction in excess tax benefits for share-based compensation in 2024 compared to 2023.

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 and other adjustments included in the table below. We define Adjusted EBIT as Adjusted EBITDA less depreciation and amortization. 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 other adjustments included in the table below, 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 (used in) 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 has also historically used 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 (used in) 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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Net income	**$ 142,588**	$ 157,075	**$ 219,053**	$ 251,045
Interest expense, net	**9,071**	11,313	**18,557**	22,543
Income tax expense	**43,958**	46,198	**65,145**	70,907
Depreciation and amortization	**28,918**	25,760	**57,771**	52,021
Equity compensation (a)	**7,955**	8,501	**14,093**	19,883
Write off of deferred loan costs	**—**	—	**449**	—
Adjusted EBITDA	**$ 232,490**	$ 248,847	**$ 375,068**	$ 416,399
Less: Depreciation and amortization	**(28,918)**	(25,760)	**(57,771)**	(52,021)
Adjusted EBIT	**$ 203,572**	$ 223,087	**$ 317,297**	$ 364,378

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

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	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Net income	**$ 142,588**	$ 157,075	**$ 219,053**	$ 251,045
Equity compensation (a)	**7,955**	8,501	**14,093**	19,883
Write off of deferred loan costs	**—**	—	**449**	—
Tax effects of these adjustments (b)	**(1,901)**	(2,008)	**(3,333)**	(4,378)
Adjusted Net Income	**$ 148,642**	$ 163,568	**$ 230,262**	$ 266,550
Earnings per common share:				
Basic	**$ 1.99**	$ 2.06	**$ 3.00**	$ 3.28
Diluted	**$ 1.95**	$ 2.01	**$ 2.93**	$ 3.19
Adjusted Earnings per Share:				
Basic	**$ 2.07**	$ 2.15	**$ 3.16**	$ 3.49
Diluted	**$ 2.03**	$ 2.09	**$ 3.08**	$ 3.39
Weighted average common shares outstanding:				
Basic	**71,829**	76,104	**72,911**	76,483
Diluted	**73,289**	78,091	**74,651**	78,735

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

(b) For the thirteen and twenty-six weeks ended August 3, 2024 and July 29, 2023, 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	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Net cash provided by operating activities	**$ 91,346**	$ 191,431	**$ 291,023**	$ 243,566
Net cash used in investing activities	**(41,384)**	(67,299)	**(73,739)**	(107,846)
Adjusted Free Cash Flow	**$ 49,962**	$ 124,132	**$ 217,284**	$ 135,720

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 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 August 3, 2024, our cash and cash equivalents totaled $324.6 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 the next 12 months and the longer term foreseeable future.

Long-Term Debt

As of August 3, 2024, the Company's long-term debt and interest rates consist of (see Note 4 to the accompanying financial statements):

- Notes - 6.00% fixed rate senior secured notes with $400 million in principal outstanding and full principal maturing November 15, 2027;
- Term Loan - 9.19% variable rate term-loan with $90.3 million in principal outstanding maturing November 6, 2027 and quarterly principal payments of $750 thousand; and
- ABL Facility - $1.0 billion commitment on a variable rate secured asset-based revolving credit facility with no principal outstanding maturing March 8, 2029.

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

	2024	2025	2026	2027	2028	After 2028	Total
Term Loan and related interest (1)	$ 5,351	$ 9,366	$ 8,831	$ 87,448	—	—	$ 110,996
Notes and related interest (2)	12,000	24,000	24,000	424,000	—	—	484,000
ABL Facility and related interest (3)	1,243	2,500	2,500	2,500	2,500	268	11,511

(1) 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.
(2) Interest payments do not include amortization of debt issuance costs and assumes Notes are paid in full at maturity date.
(3) 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	
	August 3, 2024	**July 29, 2023**
Average funds drawn	**$ 64**	$ —
Number of days with outstanding balance	**3**	—
Maximum daily amount outstanding	**$ 3,900**	$ —
Minimum available borrowing capacity	**$ 977,254**	$ 985,447

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

	August 3, 2024	**February 3, 2024**	**July 29, 2023**
Outstanding borrowings	**$ —**	$ —	$ —
Issued letters of credit	**9,258**	11,553	11,553
Available borrowing capacity	**990,742**	881,445	988,447

Leases

We predominantly lease store locations, distribution centers, office space and certain equipment under operating leases expiring between fiscal years 2024 and 2044. Operating lease obligations include future minimum lease payments under all of our non-cancelable operating leases at August 3, 2024. The following table summarizes our remaining operating lease obligations by fiscal year (amounts in thousands):

	2024	**2025**	**2026**	**2027**	**2028**	**After 2028**	**Total**
Operating lease payments (1) (2)	$ 96,314	$ 236,157	$ 228,991	$ 214,939	$ 196,222	$ 1,030,775	$ 2,003,398

(1) Minimum lease payments have not been reduced by sublease rentals of $2.0 million due in the future under non-cancelable sub-leases.

(2) These balances include stores where we have an executed contract but have not taken possession of the location as of August 3, 2024.

Share Repurchases

On June 2, 2022, the Board of Directors of the Company authorized a 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. On November 29, 2023, the Board of Directors authorized a new share repurchase program (the "2023 Share Repurchase Program") under which the Company may purchase up to $600 million of its outstanding shares during the three-year period ending November 29, 2026. The 2022 Share Repurchase Program and the 2023 Share Repurchase Program are collectively referred to as the "Share Repurchase Programs". 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 August 3, 2024, the Company had $476.4 million remaining for share repurchases under the Share Repurchase Programs (see Note 2 to the accompanying financial statements).

The following table summarizes our share repurchases for the 2024 first and second quarters (dollar amounts in thousands, except per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Amount Repurchased (1)
First Quarter (February 4, 2024 to May 4, 2024)	1,983,967	$ 61.71	$ 122,425
Second Quarter (May 5, 2024 to August 3, 2024) (2)	1,809,856	54.09	97,900
Total Share Repurchase Activity	3,793,823	$ 58.07	$ 220,325

(1) Excludes the impact of unpaid excise taxes.

(2) See Part II, Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds for further detail on the 2024 second quarter share repurchases.

Dividends

The following table summarizes our quarterly dividend payments for 2024 first and second quarters (amounts in thousands, except per share amounts):

	Dividend per Share	Total Dividends Paid	Stockholder Date of Record
First Quarter (February 4, 2024 to May 4, 2024)	$ 0.11	$ 8,182	March 26, 2024
Second Quarter (May 5, 2024 to August 3, 2024)	0.11	7,921	June 20, 2024
Total Dividends Paid		$ 16,103	

On September 5, 2024, the Company's Board of Directors declared a quarterly cash dividend with respect to the fiscal quarter ended August 3, 2024, of $0.11 per share of the Company's common stock, payable on October 17, 2024, to stockholders of record as of the close of business on September 19, 2024.

Capital Expenditures

The following table summarizes our capital expenditures for the twenty-six weeks ended August 3, 2024 and July 29, 2023 (amounts in thousands):

	Twenty-Six Weeks Ended	
	August 3, 2024	**July 29, 2023**
New stores	**$ 37,504**	$ 53,793
Corporate, e-commerce and information technology programs	**21,115**	34,435
Updates for existing stores and distribution centers	**14,806**	21,531
Total capital expenditures	**$ 73,425**	$ 109,759

We expect capital expenditures for fiscal year 2024 to be between $175 million and $225 million. The following table summarizes our forecasted allocation of capital expenditures for fiscal year 2024:

	2024
New stores	55 %
Corporate, e-commerce and information technology programs	25 %
Updates for existing stores and distribution centers	20 %

We review forecasted capital expenditures throughout the year and will adjust or our capital expenditures based on business conditions at that time.

Cash Flows for the Twenty-Six Weeks Ended August 3, 2024 and July 29, 2023

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

	Twenty-Six Weeks Ended	
	August 3, 2024	**July 29, 2023**
Net cash provided by operating activities	**$ 291,023**	$ 243,566
Net cash used in investing activities	**(73,739)**	(107,846)
Net cash used in financing activities	**(240,636)**	(161,529)
Net decrease in cash and cash equivalents	**$ (23,352)**	$ (25,809)

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 for the year-to-date 2024 increased $47.5 million, compared to the year-to-date 2023. This increase in cash was attributable to:

- $2.6 million net increase in non-cash charges; and
- $76.9 million net increase in cash flows provided by operating assets and liabilities; partially offset by
- $32.0 million decrease in net income.

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

- $22.4 million increase in cash flows from accrued expenses and other current liabilities, primarily driven by a $21.1 million increase in accrued personnel costs related to bonuses and timing of payments; and
- $166.1 million increase in cash flows from accounts payable, due to timing of payments for increased merchandise inventories relative to the prior year period; partially offset by
- $146.9 million decrease in cash flows from merchandise inventories, net due to lower sales in the current year period.

Investing Activities. Cash used in investing activities decreased $34.1 million in the year-to-date 2024 compared to the year-to-date 2023. The decrease in cash used in investing activities was primarily attributable to:

- $36.3 million lower capital expenditures, primarily driven by decreased spending related to Corporate, E-commerce, and information technology programs in the year-to-date 2024 compared to the year-to-date 2023; partially offset by
- $2.1 million decrease in proceeds from the sale of property and equipment.

Financing Activities. Cash used in financing activities increased $79.1 million in the year-to-date 2024, compared to the year-to-date 2023. The primary drivers of the increase were:

- $63.9 million increase in cash outflows primarily caused by an increase in repurchases and simultaneous retirement of common stock in the current year;
- $8.1 million decrease in proceeds from the exercise of stock options;
- $5.7 million increase in debt issuance fees paid during the current year as part of the ABL Amendment; and
- $2.3 million increase in dividends paid during the current year.

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. 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 included under Part I, Item 1 of this Quarterly Report 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

The information set forth in Note 10—Commitments and Contingencies—Legal Proceedings and Note 11—Subsequent Events (Resolution of CBP Matter) to our unaudited consolidated financial statements included under Part I, Item 1 of this Quarterly Report is incorporated herein by reference.

Other than as described above, there have been no material developments during the fiscal quarter ended August 3, 2024, 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. 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 shares of our common stock during the 2024 second quarter:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (c)
May 5, 2024 to June 1, 2024	492,193	$ 56.66	492,193	$ 546,425,226
June 2, 2024 to July 6, 2024	641,343	$ 52.66	641,343	$ 512,663,803
July 7, 2024 to August 3, 2024	676,320	$ 53.58	676,320	$ 476,439,114
Total	1,809,856	$ 54.09	1,809,856	$ 476,439,114

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

(b) Excludes the impact of excise taxes.

(c) On June 2, 2022, the Board of Directors of the Company authorized a 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. On November 29, 2023, the Board of Directors of the Company authorized a share repurchase program (the "2023 Share Repurchase Program") under which the Company may purchase up to $600 million of its outstanding shares during the three-year period ending November 29, 2026. The 2022 Share Repurchase Program and the 2023 Share Repurchase Program are collectively referred to as the "Share Repurchase Programs". As of August 3, 2024, approximately $476.4 million remained available for share repurchases pursuant to the Share Repurchase Programs (see Note 2 to the accompanying financial statements). 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

(c) Trading Plans

During the quarter ended August 3, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	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).
3.2	Certificate of Change of Registered Agent and/or Registered Office of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed on June 1, 2023).
3.3	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q filed on December 7, 2022).
31.1*	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	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.
32.2**	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
†	Management contract or compensatory plans or arrangements.

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 10, 2024 on its behalf by the undersigned, thereto duly authorized.

ACADEMY SPORTS AND OUTDOORS, INC.

By: /s/ EARL CARLTON FORD, IV
Earl Carlton Ford, IV
Executive Vice President and Chief Financial Officer
(principal financial officer and authorized signatory)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Steven Lawrence, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended August 3, 2024 (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/ STEVEN LAWRENCE

Date: September 10, 2024

Steven Lawrence
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Earl Carlton Ford, IV, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended August 3, 2024 (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/ EARL CARLTON FORD, IV

Date: September 10, 2024

Earl Carlton Ford, IV
Executive Vice President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 August 3, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven Lawrence, 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/ STEVEN LAWRENCE
Steven Lawrence
Chief Executive Officer
(principal executive officer)

Date: September 10, 2024

Exhibit 32.2

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 August 3, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Earl Carlton Ford, IV, 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/ EARL CARLTON FORD, IV

Date: September 10, 2024

Earl Carlton Ford, IV
Executive Vice President and Chief Financial Officer
(principal financial officer)