Risk Factors Comparison 2024-03-21 to 2023-03-16 Form: 10-K

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Investing in our securities involves a high degree of risk. In addition to the other information contained in this Annual Report, you should consider the following risk factors before investing in our securities. Risks in this section are grouped in the following categories: (1) Risks Related to Our Business and Industry; (2) Legal and Regulatory Risks; (3) Risks Related to Our Indebtedness; and (4) Risks Related to the Ownership of Our Common Stock. Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence because they have been grouped by categories. Our results of operations are highly dependent on the U. S. economy and U. S. consumer discretionary spending and an economic and financial downturn may cause a decline in U. S. consumer discretionary spending and may adversely affect our business, operations, liquidity, capital resources and financial results. Our results of operations are affected by the relative condition of the U. S. economy. All of our sales are generated within the United States, making our results of operations highly dependent on the U. S. economy and U. S. consumer discretionary spending. A decline in discretionary spending by U. S. consumers could negatively affect our business and results of operations. The general conditions that affect U. S. consumer discretionary spending in our markets include: • health of the economy; • consumer confidence in the economy; • ~~financial market volatility; •~~ wages, jobs and unemployment trends; • public health events (~~including~~ **such as** the COVID- 19 pandemic) and their effect on our customers, team members, vendors / suppliers and other stakeholders; • the housing market, including real estate prices and mortgage rates; • consumer credit availability; • consumer debt levels; • gasoline and fuel prices; • interest rates and inflation; • tax rates and tax policy; • immigration policy; • import and customs duties / tariffs and policy; • impact of natural or man- made disasters; • legislation and regulations; • international unrest, trade disputes, labor shortages, and other disruptions to the supply chain; • changes to raw material and commodity prices; and • national and international security and safety concerns. Increasing volatility in financial markets may cause some of the aforementioned conditions to change with even greater degree of frequency and magnitude. ~~In addition, COVID- 19 has had, and may continue to have, far- reaching adverse impacts on aspects of our operations, directly and indirectly, including our team members, consumer behavior, inventory, distribution and logistics, our suppliers and the market overall.~~ Our comparable sales, net sales per square foot, customer traffic or average value per transaction may be adversely affected if, for example, our customers reduce their purchases with us due to continued high inflation, job losses, foreclosures, bankruptcies, higher consumer debt and interest rates, higher taxes, reduced access to credit, falling home prices and lower consumer confidence. A reduction in overall consumer spending which causes customers to shift their spending to products other than those sold by us or to products sold by us that are less profitable could result in lower net sales, decreases in inventory turnover or a reduction in profitability due to lower margins, which could make it more difficult for us to generate cash flow sufficient to satisfy our obligations under our indebtedness. A prolonged period of depressed consumer spending could have a material adverse effect on our business. Additionally, if the U. S. or global economy experiences a crisis or downturn, including any capital markets volatility or government intervention in the financial markets, or if the U. S. or global economy experiences a prolonged period of decelerating or negative growth, then our liquidity, capital resources or results of operations could be materially and adversely impacted. For example, although we typically generate funds from our operations to pay our operating expenses and fund our capital expenditures, our ability to continue to meet these cash requirements over the long- term may require access to additional sources of funds, including our ABL Facility, incremental term loan facilities and the equity and debt capital markets. Adverse financial and economic conditions, including as a result of continued increases in interest rates, may adversely affect our ability to draw on our ABL Facility, the ability of banks to honor draws on our ABL Facility or our ability to obtain incremental term loan facilities or access the equity and debt capital markets. In addition, adverse economic conditions could adversely affect our suppliers' access to the capital and liquidity required to maintain their inventory, production levels, timeliness and product quality and to operate their businesses, which could adversely affect our supply chain, or could reduce our suppliers' offerings of trade credit, customer incentives, vendor allowances, cooperative marketing expenditures and product promotions, which could adversely affect our results of operations. Adverse economic conditions could also make it difficult for both us and our suppliers to accurately forecast future product demand trends, which could cause us to carry too much or too little merchandise in various product categories or could adversely affect our landlords and real estate developers of retail space, which may limit the availability of attractive leased store locations. The potential ongoing effects of an economic and financial crisis are difficult to forecast and mitigate. We may experience difficulties in operating and growing our operations to react to a U. S. or global financial or economic crisis or downturn. We may be unable, in such cases, to predict how robust a recovery of the U. S. or global economy will be or whether or not it will be sustained. If we are unable to predict or effectively react to changes in consumer tastes and preferences, or if we fail to acquire and sell brand name merchandise at competitive prices, or if we are not successful in managing our inventory balances, then we may lose customers and our sales may decline and our results of operations may be negatively affected. The level of success we achieve is dependent on, among other factors, the frequency of merchandise and service innovations, how accurately and timely we predict consumer tastes and preferences regarding sporting goods and outdoor recreation merchandise, the level of consumer demand, the availability of merchandise, the related impact on the demand for existing merchandise, and the competitive environment. Our products must appeal to a broad range of customers whose preferences cannot be predicted with certainty and are subject to change. We must identify, obtain supplies of, and offer to our customers, attractive, innovative and high- quality merchandise on a continuous basis. It is difficult to predict consistently and successfully the products and services our customers will demand as we often purchase products from our vendors several months in advance of the proposed delivery. Our failure to timely identify or effectively respond to changing consumer tastes, preferences and spending patterns could negatively affect our relationship with our customers, the demand for our merchandise and services and our market share, which could have a material adverse effect on our net sales and results of operations. An unexpected major shift in consumer demand away from sporting goods, sports and casual apparel and footwear, and outdoor recreation products could have a material adverse effect on our business, results of operations and financial condition. Consumer spending on sporting goods, sports and casual apparel and footwear, and outdoor recreation products could decrease or be displaced by spending on other activities due to a number of factors, including: • shifts in behavior away from team sports and outdoor activities in favor of **travel,** media (including social media) and electronics- driven leisure activities; • state, local and federal government budget cuts on facilities and activities, such as school athletic budgets, parks, ball fields, recreational sports leagues, hunting and fishing services, etc.; • weak economic conditions, recession, inflation or other factors, such as global or local pandemics; • legal and regulatory changes in federal and state hunting and fishing seasons, bag limits and firearm and ammunition restrictions; • consumer activism relating to controversial products we may carry, services we may perform, or our corporate philosophy, including those relating to firearms and ammunition, which could cause them to take their retail business elsewhere; • escalating costs of sporting and outdoor activities due to adverse changes in economic conditions, including **inflation,** rising fuel prices, rising participation fees and rising sporting license fees; and • severe weather and natural or man- made disasters (e. g., an oil spill closing large areas of hunting or fishing), including heat waves, freezes, hurricanes, tornadoes, large storms and floods, and the effects of such events on **consumer demand for certain seasonal goods and** the ability of large urban areas to continue spending on sporting goods and outdoor recreation products. Total consumer spending may not continue to increase at historical rates due to slowed production growth and shifts in population demographics, and it may not increase in certain product categories given changes in consumer interests and participation rates. Our results of operations could be negatively affected if consumer spending on sporting goods and outdoor recreation products or sports participation rates decline. Our business is highly dependent upon our ability to purchase brand name merchandise from our vendors at competitive prices. We cannot guarantee that we will be able to acquire such brand name merchandise at competitive prices or on competitive terms in the future. In this regard, brand name merchandise that is in high demand may be allocated by brand name vendors based upon the vendors' internal criterion which is beyond our control. If we lose any of our brand name vendors or if any of our brand name vendors fail to supply us with their brand name merchandise, we may not be able to meet the demand of our customers for their brand names. 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 maintain appropriate in- stock levels. If we overstock unpopular merchandise, then we may be forced to take significant inventory markdowns or miss opportunities for the sale of other merchandise, both of which could have a negative impact on our profitability, and, in turn, our sales may decline or we may be required to sell the merchandise we have obtained at lower prices. For example, the popularity of much of the licensed apparel we offer is dependent on the performance of certain sporting teams throughout the course of the applicable sports seasons. If we overestimate or underestimate the projected success of a certain sports team, we may have to take significant mark- downs of our licensed apparel for that sports team or we may miss the opportunity to sell additional licensed apparel or other products with that sports team' s logo. The success of sporting teams is highly uncertain and difficult to predict. In addition, ~~macro~~ factors **beyond our control** , such as severe weather **, local safety concerns, player- lockouts or strikes** , may significantly affect whether or not certain sports leagues are able to host their games in their usual seasons, and if they are, whether or not spectators can **or are able to** attend. Our licensed apparel is significantly more popular when spectators are able to attend the games of the sports teams featured on such apparel. If we are not successful in managing our inventory balances, our results of operations may be negatively affected. The COVID- 19 pandemic has,...... all of which are highly uncertain. Intense competition in the sporting goods and outdoor recreation retail industries could limit our growth and reduce our profitability. The market for sporting and outdoor recreation goods is highly fragmented ~~and~~ **,** intensely competitive **, and continually evolving** . Our current and prospective competitors include many large companies, some of which have substantially greater market presence, name recognition and financial, marketing and other resources than us. We compete directly or indirectly with the following categories of companies: • mass general merchants **; • department stores** ; • large format sporting goods stores; • traditional sporting goods stores; • specialty outdoor retailers; • specialty footwear retailers; ~~and~~ • catalogue and internet retailers **; • suppliers that sell directly to customers** . Pressure from our competitors could require us to reduce our prices or increase our spending for advertising and promotion. Traditional competitors have become increasingly promotional and, if our competitors reduce their prices, it may be difficult for us to reach our net sales goals without reducing our prices, which could impact our margins. Increased competition in markets in which we have stores or the adoption by competitors of innovative store formats, aggressive pricing, promotion or delivery strategies and retail sale methods, such as the Internet, could cause us to lose market share and could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, as the popularity and use of Internet sites ~~and~~ **,** free merchandise shipping **, and suppliers selling directly to consumers** continue to increase, our business faces increased competition from various domestic and international sources, including our suppliers. Additionally, the ability of consumers to compare prices on a real- time basis through the use of smartphones and digital technology puts additional pressure on us to maintain competitive prices vis- à- vis our competitors. We may require significant capital in the future to sustain or grow our business, including our store and e- commerce activities, due to increased competition, and there is no assurance that cash flow from operations will be sufficient to meet those needs or that additional sources of capital will be available on acceptable terms or at all. Any failure to protect the integrity, confidentiality, and availability of our ~~digital environment~~ **information systems** (including our technology infrastructure and networks, third party services, and hosted and on- premises software) and data that we hold relating to us and our customers, team members, and partners (including vendors) could result in lost sales, fines, penalties, assessments, investigations, inquiries, and / or lawsuits, a loss of confidence in us, and harm to our reputation, business, results of operations, and financial condition. The security of our ~~digital environment~~ **information systems** (including our technology infrastructure and networks, third party services, and hosted and on- premises software) and data (including from our **customers, team members and** partners) is critical to our business as a retailer, and we devote significant resources to protecting our ~~digital environment~~ **information systems** and data. In order to operate our business and to provide products and services to our customers, we collect, source, store, maintain, and process data that can be used to identify a person (i. e., personal data or personally identifiable information), including customers, partners, and team members, along with our intellectual property and proprietary business information. We share data with third parties for further processing consistent with applicable terms and conditions. Our retail stores and online operations depend on the secure transmission and processing of confidential information and the continued operation of **information** systems necessary to perform store operations and to process transactions. Our customers provide payment card and gift card information, alternative payment information, and other personal information to purchase products or services, enroll in promotional programs, apply for credit, create accounts and make purchases on our website **or mobile applications** , or otherwise communicate and interact with us. Job applicants provide personal information in connection with their employment application and our team members provide personal information in connection with their continued employment. We may share information about individual persons with partners assisting with certain aspects of our business. Some personal data and personally identifiable information may be deemed sensitive or otherwise protected under applicable laws or regulations and may be subject to specific requirements for collection, processing, security, and disposal. We and our partners rely on commercially available information security technology and industry standard operational practices for collecting, storing, maintaining, transmitting, protecting, and processing data. Despite our security measures, we may not be able to anticipate, prevent, and stop future **cybersecurity incidents, including** attacks to our ~~digital environment~~ **information systems** and data and those of our partners. Threat actors may **have the ability to** defeat our security measures and may obtain access to data (including personal data or personally identifiable information) that we hold relating to us and our customers, team members, and vendors, or may cause operational harm. For example, ransomware events could cause key systems to be unavailable for use, or credential stuffing attacks of customer accounts on **our website** ~~academy. com~~ could cause customer privacy breaches and authorized charges to payment or gift cards, or phishing / smishing attacks, in which attackers masquerade as a trustworthy entity in an electronic communication (including email or text message), could gain control of a user' s device and / or credentials. The techniques used by threat actors to attack or access systems and data evolve and may not be recognized until or after being launched against a target. We may not have the resources or technical sophistication to anticipate ~~or~~ **,** prevent ~~rapidly~~ **or stop new or** evolving ~~types of cyber-~~ **cybersecurity incidents, including** attacks **to our information systems and** ~~. While we have no knowledge of any material~~ data ~~security~~ **and those of our partners. We may also be vulnerable to** breaches **due** to **human error or other disruptions, including** ~~date~~ **data privacy breaches by employees** , ~~actual~~ **insiders or others with authorized access, or other cybersecurity incidents. As new and improved technologies and methodologies become available to threat actors (** ~~or~~ **for** ~~suspected attacks~~ **example, artificial intelligence)** , increased risks ~~,~~ and ~~newly discovered~~ **currently unknown** vulnerabilities ~~have resulted, and in the future~~ could result ~~, in~~ ~~us expending~~ significant ~~resources~~ **future expenditures** related to our information systems, ~~data stores,~~ technology infrastructure and **operations** ~~team member training~~ . A future ~~data security~~ **cybersecurity** ~~breach~~ **incident** could also (1) **result in unauthorized access, disclosure, loss, or misuse of our intellectual property, proprietary information, or team member, customer or supplier data, (2)** attract substantial media attention, (~~2~~ **3**) damage our relationships with our customers, team members, and partners, (~~3~~ **4**) cause a loss of confidence in us or cause us to violate applicable privacy laws and obligations, (~~4~~ **5**) expose us to costly government enforcement actions or private litigation and financial liability (possibly beyond our insurance coverage), (~~5~~ **6**) increase the costs we incur to protect against or remediate ~~security~~ **cybersecurity** ~~breaches~~ **incidents** and vulnerabilities, (~~6~~ **7**) result in additional costs and operational activities to comply with consumer protection and data privacy laws and obligations, and / or (~~7~~ **8**) disrupt our operations and distract our management and other key personnel from performing their primary operational duties, any of which could adversely affect our reputation, **competitiveness,** business, results of operations, and financial condition **. Any of the foregoing can be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident** . We maintain cyber liability insurance in an amount and coverage we deem appropriate, taking into account the specific coverages and coverage requirements in the marketplace. There is no guarantee that our cyber liability insurance will cover a particular cyber incident, that such coverage will be sufficient, or that insurance proceeds will be paid in a timely manner. If an insurance carrier seeks to deny coverage of a particular loss, we may incur costs to dispute the denial of coverage, which could result in paying costs that otherwise would be recovered from insurance and delays in or ultimate denial of coverage. The data privacy and ~~cyber security~~ **cybersecurity** regulatory environment is constantly changing, with new and increasingly rigorous or complex requirements. Consumer data privacy and ~~cyber security~~ **cybersecurity** laws and related regulations have been enacted and additional laws and regulations are under consideration by various state and federal legislatures and regulatory authorities. Maintaining compliance with those requirements may require significant effort, cost, ~~and~~ new or improved technical capabilities, **and** ~~may require~~ changes to our business practices, and may limit our ability to obtain or use data to provide a personalized customer experience or to engage in certain marketing practices. In addition, **any alleged or actual** failure to comply with applicable requirements could subject us to fines, sanctions, governmental investigations, lawsuits, reputational damage, and other risks and costs that may be difficult to anticipate but could become material ~~depending on the specific facts~~ . A significant portion of the merchandise that we sell is manufactured in foreign countries, including China, which exposes us to various international risks that could have a material adverse effect on our business and results of operations. A significant portion of the merchandise that we sell, including merchandise we purchase from domestic suppliers and much of our private label brand merchandise, is manufactured in countries such as China, Vietnam, El Salvador and Bangladesh. Foreign imports subject us to the risks of changes in import duties, quotas, loss of “ most favored nation ” status with the United States for a particular foreign country, delays in shipment, shipping port and ocean carrier constraints, supply and demand constraints, labor strikes, work stoppages **, supply chain disruptions including those caused by extreme weather, natural disasters, public health events (such as pandemics)** or other disruptions, freight cost increases and economic uncertainties (including the United States imposing anti- dumping or countervailing duty orders, tariffs, safeguards, remedies or compensation and retaliation due to illegal foreign trade practices). To the extent that any foreign manufacturers from whom we purchase products directly or indirectly employ labor, environmental, corruption, workplace safety, or other business practices that vary from those commonly accepted in the United States, we could be hurt by any resulting negative publicity or, in some cases, potential claims of liability. For example, in late 2021, the United States Government enacted the Uyghur Forced Labor Prevention Act (" UFLPA "), which presumes goods produced in the Xinjiang Uyghur Autonomous Region of China, or with labor linked to specified Chinese government- sponsored labor programs, were produced using forced labor and prohibits importation of such goods into the United States absent clear and convincing evidence proving otherwise. Compliance with UFLPA could have a material adverse effect on our business, financial condition and results of operations. Merchandise or raw materials purchased from alternative sources may be of lesser quality or more expensive than the merchandise or raw materials we currently purchase abroad. If any of these or other factors were to cause a disruption of trade from the countries in which our suppliers are located, our inventory levels may be reduced or the costs of our merchandise may increase. The political, health, safety, security, and economic environments of the countries in which we or our vendors obtain merchandise or raw materials have the potential to materially affect our operations. In the event of disruptions or delays in supply due to economic, political, health, safety or security conditions in foreign countries or their relations with the United States, such disruptions or delays could adversely affect our results of operations unless and until alternative supply arrangements could be made. Also, the imposition of trade tariffs, sanctions or other regulations against merchandise imported by us, or the loss of " normal trade relations " status with the countries in which we or our vendors obtain merchandise or raw materials, could significantly increase our cost of products imported into the United States and harm our business. The prices charged for the merchandise that we purchase by foreign manufacturers may be affected by the fluctuation of their local currency against the U. S. dollar. In addition, the federal government periodically considers other restrictions on the importation of products obtained by our vendors and us. If the United States were to withdraw from or materially modify any international trade agreements to which it is a party, or if tariffs were raised on the foreign- sourced goods that we sell, or if border taxes were implemented, then the goods we import may become more expensive or may no longer be available at a commercially attractive price or at all, each of which in turn could have a material adverse effect on our business, financial condition and results of operations. A significant amount of our merchandise is produced in China **. The ongoing COVID- 19 pandemic in China has led to** , and ~~led to,and~~ may continue to lead to,significant governmental measures being implemented in China to control the spread of the virus,including,among others,restrictions on manufacturing and the movement of team members in many regions of the country.These measures in China have resulted in,and may result in further,disruptions to our supply chain,including the temporary closure of third- party manufacturer facilities,interruptions in labor and / or product supply,or restrictions on the export or shipment of our products.As a result,our third- party manufacturers may not have the materials,capacity,or capability to manufacture our products according to our schedule and specifications.If our third- party manufacturers ~~'~~ **'** operations are again curtailed,we may need to seek alternate manufacturing sources,which may be more expensive.Alternate sources may not be available or may result in delays in shipments to us from our supply chain and subsequently to our customers,each of which would affect our results of operations.The duration of the production and supply chain disruption,and related financial impact,cannot be estimated at this time.Should such production and distribution closures continue or be re- imposed,the impact on our supply chain in China and globally could have a material adverse effect on our results of operations and cash flows. **In addition,the** increases in the costs of labor and other costs of doing business in China could significantly increase our costs to produce our merchandise and could have a negative impact on our net sales, operating income and net income. Factors that could negatively affect our business include a potential significant revaluation of the Chinese Yuan, which may result in an increase in the cost of producing products in China, labor shortages and increases in labor costs in China, and difficulties in moving products manufactured in China through the ports on the western coast of North America, whether due to port congestion, labor disputes, product regulations and / or inspections or other factors, and natural disasters or health pandemics impacting China. General trade tensions between the United States and China began escalating in 2018, with the Trump administration ultimately imposing multiple rounds of tariffs on imports from China, where we and many of our vendors source commodities. As a result, we have experienced rising inventory costs on private label brand products we directly source from China, as well as national brand products from China that we source through our vendors. These higher inventory costs have resulted in higher prices and / or lower margins, thus resulting in a negative impact to sales and / or gross margin. Additionally, these tariffs have resulted in and could result in further retaliatory tariff actions by China and could ultimately result in further tariffs on merchandise that we, and many of our vendors, import from China. These tariffs have had an adverse effect on our business, financial condition and results of operations. In response, we have sought alternative suppliers or vendors, raised prices, and made changes to our operations. The continuation of this situation could have further adverse effects on our sales and profitability, results of operations and financial condition. ~~As~~ **Since the date** of our **last annual** report ~~date~~ , no significant modifications have been enacted relative to the escalated tariffs which impact our business. Problems with operating, updating or implementing our information ~~technology~~ systems could disrupt our operations and negatively impact our business operations and materially and adversely affect our financial results. The efficient operation of our business is dependent on the successful integration and operation of our information ~~technology~~ systems **, some of which require interoperability to perform the intended function or are dependent on services managed or provided by third- parties** . For ~~examples~~ **example** , we rely on our information ~~technology~~ systems to ~~effectively~~ manage ~~our~~ merchandise planning and replenishment, warehousing and distribution, store operations **, customer relationships** , e- commerce, and customer transactions, optimize our overall inventory levels, process financial information and sales transactions, **pay and receive funds,** prevent ~~data~~ **security** breaches and ~~credit card~~ fraud, ~~communications~~ **communicate internally and externally** , **provide** support services, and comply with legal and regulatory obligations. Our information ~~technology~~ systems, if not functioning properly or if failing to function altogether, could disrupt our ability to track, record, and analyze sales and inventory and could cause disruptions of operations, including, among other things, our ability to order, process and ship inventory, process financial information including credit card transactions, **prepare financial statements,** prevent data breaches and credit card fraud, process payrolls or vendor payments or engage in other similar normal business activities. Our information ~~technology~~ systems, including our back- up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial- of- service attacks, security breaches ~~(through cyber- attacks from cyber- attackers~~ or ~~sophisticated organizations)~~ **other cybersecurity incidents** , catastrophic events **and severe weather** such as fires, floods, tornadoes, earthquakes and hurricanes, and usage **or coding** errors by our ~~associates~~ **team members or partners** . From time to time we have experienced, and we may in the future further experience, interruptions, damages, or failures of our information ~~technology~~ systems, some of which disrupt our business and cause us to expend additional resources to rectify. Although we attempt to mitigate the risk of possible business interruptions by employing customary strategies, any material disruption, malfunction or any other similar problem in or with our information ~~technology~~ systems could negatively impact our business operations and materially and adversely affect our financial results. From time to time, our ~~computer and~~ information ~~technology~~ systems may require repair, upgrade, enhancement, integration and / or replacement for us to maintain successful current operations and achieve future sales and store growth. Updating our existing information ~~technology~~ systems subjects us to numerous risks, including: • loss of information; • disruption of normal operations; • changes in accounting or other operating procedures; • changes in internal control over financial reporting or general computer controls; • problems maintaining accuracy of historical data; • allocation and dedication of key business resources to the updating of existing systems; • ability to attract and retain adequate experienced technical resources and third- party contractors for the updating of existing systems; • unknown impact on remaining systems; • adequacy of training and change management to address critical changes in business processes and job functions; and • updated information ~~technology~~ system ultimately does not meet the needs of the business. Any failure to successfully update and maintain our information ~~technology~~ systems, and any missteps, delays, cost overruns, vendor disputes, technical challenges or other similar issues that may arise during the updating of our information ~~technology~~ systems, could have a material impact on our business, financial condition, results of operations, internal controls over financial reporting and ability to manage our business effectively. From time to time, we may undertake initiatives involving numerous information ~~technology~~ systems ~~, including~~ **to improve and enhance** our **capabilities** ~~merchandise management~~ , **whether for operational** ~~warehouse management, customer relationship management, point of sale, e- commerce, data security, credit card fraud detection~~ , financial ~~reporting, and labor management systems. While each of these information technology systems initiatives is intended to further improve and enhance our~~ - **or** ~~information technology systems, our~~ **risk reduction purposes. Any** failure to timely, properly or adequately implement these **information** systems initiatives could result in increased costs or risks, the diversion of our management' s and team members' attention and resources and could materially adversely affect our results of operations, our internal controls over financial reporting or general computer controls, our ability to manage our business effectively and possible disruption of our business operations or financial reporting. We depend on approximately 1, 400 suppliers to supply us with the merchandise we purchase for resale and our significant dependence on these suppliers exposes us to risks associated with disruption in supply and losses of merchandise purchasing incentives that could have a material adverse effect on our business and results of operations. We depend on approximately 1, 400 suppliers to supply us in a timely and efficient manner with the merchandise we sell. Our significant dependence on these suppliers exposes us to various risks that could have a material adverse effect on our business and results of operations. In ~~2022~~ **2023** , purchases from our largest vendor represented approximately 11 % of our total inventory purchases. The merchandise we sell is sourced from a wide variety of domestic and international suppliers and our ability to find qualified suppliers and access merchandise in a timely and efficient manner is often challenging, particularly with respect to merchandise sourced outside the United States. We generally do not have long- term written contracts with our suppliers that would require them to continue supplying us with merchandise, particular payment terms or the extension of credit. As a result, these suppliers could modify the terms of these relationships due to general economic conditions or otherwise. If there is a disruption in supply from a principal supplier (which can occur for various reasons in or out of the control of these suppliers, including as a result of public health emergencies, such as the COVID-19 pandemic, and measures taken by the Chinese government or other governments in response to such events), we may experience merchandise out- of- stocks, delivery delays or increased delivery costs, or otherwise be unable to obtain the same merchandise from other suppliers in a timely and efficient manner and on acceptable terms, or at all, which could materially affect our results of operations and our customers' confidence in us. For example, during fiscal ~~2022~~ **2021 ,** we ~~observed~~ **began to see** increased competition across the industry for resources throughout the supply chain, which resulted in disruptions to the flow of products from our vendors, labor shortages, reduced shipping container availability, and longer delays at the port. ~~These factors~~ **As a result, we experienced a period of decreased or delayed supply and high inflation which** negatively impacted transportation **and inventory** costs **. Over the past year** ~~and required us to pay higher rates to maintain our inventory levels~~ , ~~and~~ we ~~expect such~~ **have seen improvement to these constraints, resulting in decreased freight costs. Fluctuations in the** supply chain **or** ~~challenges to continue at least in the near term. Additionally,~~ changes in our relationships with our suppliers (which can occur for various reasons in or out of our control) ~~also~~ have the potential to increase our expenses and adversely affect our results of operations. The formation and / or strengthening of business partnerships between our suppliers and our competitors could directly alter the available supply of merchandise we desire to sell, which could have a material adverse effect on the level of customers purchasing merchandise from us and, thus, our results of operations **. Further, vendors increasingly sell their products directly to customers or through broadened or alternative distribution channels, such as department**

stores, family footwear stores, or e- commerce companies . Moreover, many of our suppliers provide us with merchandise purchasing incentives, such as return privileges, volume purchasing allowances and cooperative advertising, and a decline or discontinuation of these incentives could severely impact our results of operations. Harm to our reputation could adversely impact our ability to attract and retain customers, team members, vendors and / or other partners. Negative publicity or perceptions involving us or our brands, products, team members, operations, vendors, spokespersons, or marketing and other partners may negatively impact our reputation and adversely impact our ability to attract and retain customers, team members, vendors and / or other partners. Failure to detect, prevent or mitigate issues that might give rise to reputational risk or failure to adequately address negative publicity or perceptions could adversely impact our reputation, business, results of operations, and financial condition. Issues that might pose a reputational risk include failure of our cybersecurity measures to protect against ~~data breaches~~ **cybersecurity incidents** , product liability and product recalls, our social media activity **, our handling of issues relating to corporate responsibility matters, including our response to such matters** , failure to comply with applicable laws and regulations or enforce our own policies, our policies related to the sale of firearms, ammunition and accessories, our policies relating to public health, public stances on controversial social or political issues **, concerns surrounding labor, environmental, workplace safety and other practices that may vary from U. S. standards in any of our foreign manufacturers, whether directly or indirectly** , and any of the other risks enumerated in these risk factors. As part of our marketing efforts, we rely on social media platforms and other digital marketing to attract and retain customers. A variety of risks are associated with our social media activity and digital marketing, including the improper disclosure of proprietary information, negative comments about or negative incidents regarding us, exposure of personally identifiable information, fraud or out- of- date information. The inappropriate use of social media and digital marketing vehicles by us, our customers, team members or others could increase our costs, lead to litigation or result in negative publicity that could damage our reputation. Many social media platforms immediately publish the content, videos and / or photographs created or uploaded by their subscribers and participants, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and / or may be inaccurate. The dissemination of negative information related to us or our brands, products, team members, operations, vendors, spokespersons or partners could harm our business, results of operations and financial condition, regardless of the information' s accuracy, and the harm may be immediate without affording us an opportunity for redress or correction. Furthermore, the prevalence of news coverage, the internet, and social media may accelerate and increase the potential scope of any negative publicity we might receive and could increase the negative impact of these issues on our reputation, business, results of operations, and financial condition. A failure of our third- party vendors of outsourced business services and solutions to meet our performance standards and expectations could adversely affect our operations. As part of our long- term strategy, we look for opportunities to cost- effectively enhance the capabilities of our business services. In some cases, we outsource certain business services and solutions, and rely on the third- party vendors of these business services and solutions, to support a variety of our business functions, including portions of our information technology and management information systems, data security and credit card fraud detection, supply chain (including product manufacturers, logistics service providers or independent distributors), retail operations, administrative services and other core business functions **. In some cases, we rely on a single vendor for such services** . While we believe we conduct appropriate due diligence before entering into agreements with these third- parties, if we fail to properly manage these vendors or if they fail to meet, or are prevented from meeting, our performance standards and expectations, then our reputation, sales, and results of operations could be adversely affected. Any significant interruption in the operations of these service providers, over which we have no control, could also have an adverse effect on our business. In addition, we could face increased costs ~~associated with~~ **or incur substantial time in** finding **and implementing** replacement service vendors or **, alternatively,** hiring new team members **, making additional technology purchases, and changing information systems configurations** to provide these business services and solutions in- house. We may not be able to continue our store growth plans successfully or continue to manage our growth effectively, and our new stores may not generate sales levels necessary to achieve store- level sales or profitability comparable to that of our existing stores, which could materially and adversely affect our business, financial condition and results of operations. Our strategy includes opening stores in existing markets and, from time to time, new markets. We must successfully choose our store sites, execute favorable real estate transactions on terms that are acceptable to us, construct and equip the stores with furnishings and appropriate merchandise, hire and train competent personnel and effectively open and operate these new stores and integrate the stores into our operations, and we may need to expand our distribution infrastructure, including the addition of new distribution centers. Our plans to increase our number of retail stores will depend in part on the availability of existing ~~(~~ vacant ~~)~~ retail stores or developable store sites. The availability of second- generation retail store space ~~,~~ and developable ~~retail~~ **store** sites (i. e., land and redevelopment sites) that meet our criteria is very low. **In addition,** ~~Land~~ **land** prices **and lease rents have** ~~continue~~ **continued** to increase **due to various macroeconomic factors** ~~as developers pursue more favorable non- retail options capable of yielding higher returns~~ . Further, a lack of available financing on terms acceptable to real estate developers or a tightening credit market may adversely affect the retail sites available to us. We cannot expect that stores or sites will be available to us, or that they will be available on terms acceptable to us. If additional retail store sites are unavailable on acceptable terms, we may not be able to carry out a significant part of our growth strategy. Rising real estate costs and acquisition, construction and development costs, available credit to landlords and developers and landlord bankruptcies could also inhibit our ability to grow. If we fail to locate desirable sites, obtain lease rights to these sites on terms acceptable to us, hire adequate personnel and open and effectively operate these new stores, our financial performance could be adversely affected. We **typically** lease our stores under operating leases with initial terms of 15 to 20 years, and we generally cannot cancel these leases at our option. If a store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Similarly, we may be committed to perform our obligations under the applicable leases even if current locations of our stores become unattractive as demographic patterns change. In addition, as each of our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could require us to close stores in desirable locations. In addition, our expansion in new and existing markets may present competitive, merchandising, marketing, human resources, distribution and regulatory challenges that differ from our current challenges, including **expanding and improving our operating capabilities,** competition among our stores, diminished novelty of our store design and concept, added strain on our distribution centers, maintaining our levels of customer service, training our store team members, additional information to be processed by our management information systems and diversion of our management' s attention from operations, such as the control of inventory levels in our stores. New stores in new markets, where we are less familiar with the target customer and less well- known by the target customer, may face different or additional risks and increased costs compared to stores operated in existing markets or new stores in existing markets. Expansion into new markets could also bring us into direct competition with retailers with whom we have no past experience as direct competitors. As a result of our anticipated growth, we may become increasingly reliant on entry into new markets to grow, we may face additional risks and our results of operations could suffer. To the extent that we are not able to meet new challenges, our sales could decrease and our operating costs could increase. There also can be no assurance that we will be able to continue our expansion plans successfully or continue to manage our growth effectively, or that our new stores will generate sales levels necessary to achieve store- level profitability or profitability comparable to that of our existing stores. Our continued growth also depends in large part, upon our ability to open new stores in a timely manner and to operate them profitably. In 2020 and 2021, in response to the then- current retail environment, we temporarily stopped new store openings, before resuming in 2022 **and continuing through the date of this Annual Report** . A slower than expected pace of new store openings may negatively impact our net sales growth and operating income. New stores also may face greater competition and have lower anticipated sales volumes relative to previously opened stores during their comparable years of operation. We may not be able to advertise cost- effectively in new or large markets in which we have less store density, which could slow sales growth at such stores. We also cannot guarantee that we will be able to obtain and distribute adequate product supplies to our new stores or maintain adequate warehousing and distribution capability to support our new stores at acceptable costs **. Furthermore, the success of our stores depends on several factors including the sustained success of the shopping center where the store is located, consumer demographics, and consumer shopping habits and patterns. Changes in consumer shopping habits and patterns, reduced customer traffic in the shopping centers where our stores are located, financial difficulties of our landlords, or the shopping center operators, anchor tenants or a significant number of other retailers, and shopping center vacancies or closures, could impact the profitability of our stores and increase the likelihood that our landlords or the shopping centers operators fail to fulfill their obligations and conditions under our lease agreements or governing documents** . Thus, our failure to achieve our expansion plans could materially and adversely affect our business, financial condition and results of operations. Our e- commerce activities expose us to various risks that could have a material adverse impact on our overall results of operations. Our customers are increasingly using computers, tablets, mobile phones and other devices to shop in our stores and on- line for our products. Our business has become increasingly omnichannel as we strive to deliver a seamless shopping experience to our customers through both online and in- store shopping experiences. We utilize our own e- commerce platform that allows us to control our customer experience without relying on a single third- party provider. Maintaining and continuing to improve our e- commerce platform involves substantial investment of capital and resources, integrating a number of information and management systems from different vendors, increasing supply chain and distribution capabilities, attracting, developing and retaining qualified personnel with relevant subject matter expertise, and effectively managing and improving the customer experience. Our e- commerce operations are subject to numerous risks that could have a material adverse impact on our overall results of operations, including: • expansion of our sales across the United States, thereby, subjecting us to the regulatory and other requirements of the 50 states; • website operating issues, including website availability, system reliability, website operation, Internet connectivity, website errors, computer viruses, telecommunication failures, electronic break- ins or similar disruptions; • the need to keep pace with rapid technological change **and investments from competitors,** and maintain investments necessary for our e- commerce operation; • legal compliance issues related to the online sale of merchandise; • intellectual property litigation related to the enforcement of patent rights; • privacy and personal data security; • protection against credit card and gift card fraud; • fulfillment, inventory control and shipping issues for e- commerce transactions; • tax issues, including state sales tax collection for e- commerce transactions; • hiring, retention and training of personnel qualified to conduct our e- commerce operation; • ability to procure adequate computer hardware and software and technology services and solutions from third- party providers; and • reduction in visits to, diversion and / or cannibalization of sales from, existing retail stores. Our e- commerce activities also carry challenges such as identifying our e- commerce customer, marketing our website, establishing a profitable on- line merchandising mix, managing shipping costs to our customers, setting prices to compete against other on- line retailers, maintaining website content, timely and accurately fulfilling orders, integrating our e- commerce business with our store operations, and growing the operation as part of our overall strategic plan. **In addition, offering different products through each channel could cause conflicts and cause some of our current or potential e- commerce customers to consider our competitors. Offering products through our e- commerce platform could also cause some of our current or potential vendors to consider competing internet or mobile offerings of their products either on their own or through competing distributors.** If we do not successfully manage the risks and navigate the challenges associated with our e- commerce activities, it could have a material adverse effect on our results of operations. Further, governmental regulation of e- commerce continues to evolve in such areas as marketing and advertising, taxation, privacy, data protection and privacy, pricing, content, copyrights, distribution, mobile communications, electronic contracts and other communications, consumer protection, the provision of online payment services, the design and operation of websites and the characteristics and quality of products and services. Unfavorable changes to regulations in these areas could have a material adverse impact on our e-commerce activities. Our private label brand merchandise exposes us to various risks generally encountered by companies that source, manufacture, market and retail exclusive private label brand merchandise. In addition to national brand merchandise, we offer customers private label brand merchandise ~~that~~ **, most of which** is ~~primarily~~ sold exclusively by Academy. The sale of private label brand merchandise subjects us to certain risks, including: • our ability to successfully and profitably conduct sourcing and manufacturing activities internally or with third- party agents, manufacturers and distributors; • our failure or our manufacturers' failure to comply with federal, state and local regulatory requirements, including product safety, working age and conditions, anti- corruption, import and customs and retail sale restrictions; • potential mandatory or voluntary product recalls; • claims and lawsuits resulting from injuries associated with the use of our private label brand merchandise; • our ability to successfully protect our intellectual property or other proprietary rights (e. g., defending against counterfeit, knock- offs, grey- market, infringing or otherwise unauthorized goods); • our ability to successfully navigate and avoid claims related to the intellectual property or other proprietary rights of third parties; • our ability to successfully administer and comply with the obligations under license agreements that we have with the licensors of brands, including in some instances certain sales minimums that if not met could cause us to lose the licensing rights or pay damages; • sourcing and manufacturing outside the United States, including foreign laws and regulations, political unrest, disruptions or delays in cross- border shipments, changes in economic conditions in foreign countries, exchange rate and import duty fluctuations and conducting activities with third- party manufacturers; and • increases in the price of raw materials used in the manufacturing of our private label brand merchandise and other risks generally encountered by entities that source, manufacture, market and retail private label brand merchandise. Our failure to adequately address some or all of these risks could have a material adverse effect on our business, results of operations and financial condition. A disruption in the operation of our distribution centers would affect our ability to deliver merchandise to either our stores or customers, which could adversely impact our revenues and harm our business and financial results. We operate three distribution centers located in Katy, Texas; Twiggs County, Georgia; and Cookeville, Tennessee, to manage the receipt, storage, sorting, packing and distribution of our merchandise to the appropriate stores or to the customer directly. We depend in large part on the orderly operation of our receiving and distribution process, which depends, in turn, on adherence to shipping schedules, proper functioning of our information technology and inventory control systems and overall effective management of our distribution centers. As a result of damage to, or prolonged interruption of, operations or inventory at any of these facilities, or with respect to third- party transportation providers, due to a work stoppage, labor shortage, operations significantly below historical efficiency levels, supply chain disruption, ~~inclement~~ **public health events (such as pandemics), severe** weather **(such as tornadoes)** or natural or man- made disasters (including events that may be caused or exacerbated by climate change), system failures **or cyber incidents** , slowdowns or strikes, acts of terror or other unforeseen events in the areas or regions of these facilities could impair our ability to adequately stock our stores, process returns of products to vendors and ship product to our e- commerce customers, thereby adversely affecting our sales and profitability. In addition, we could incur significantly higher costs and longer lead times associated with distributing our products to our stores and customers during the time it takes for us to reopen or replace these distribution centers. Although we maintain business interruption and property insurance for these facilities, there can be no assurance that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us, if our distribution centers are shut down or interrupted for any unplanned reason. Our quarterly operating results and comparable sales may fluctuate due to seasonality and other factors outside of our control. We have historically experienced and expect to continue to experience seasonal fluctuations in our net sales, operating income and net income. A significant portion of our net sales and profits is driven by summer holidays, such as Memorial Day, Father' s Day and Independence Day, during the second quarter. Our net sales and profits are also impacted by the November / December holiday selling season, and in part by the sales of cold weather sporting goods and apparel during the fourth quarter. **We must carry a significant amount of inventory, particularly before these selling periods.** If we miscalculate the demand for our products generally or for our product mix during certain holiday or sporting seasons, our net sales could decline resulting in lower margins, higher labor costs as a percentage of sales and excess inventory, which would harm our financial performance **. If we are not successful in selling our inventory during these periods, we may be forced to rely on markdowns or promotional sales to dispose of the excess inventory or may not be able to sell the inventory at all, which could have a material adverse effect on our business, financial condition and results of operations** . Our quarterly results of operations and comparable sales have historically fluctuated, and may continue to fluctuate, as a result of factors outside our control, including: • general regional and national economic conditions; • unseasonal or extreme weather conditions, natural or man- made disasters or public health emergencies (such as snow storms, hurricanes, tornadoes, floods, pandemics, and civil disturbances); • catastrophic or tragic events (such as tragedies involving firearms); • changes in demand for the products that we offer in our stores; • lack of new product introduction; • lockouts or strikes involving professional sports teams; • retirement of sports superstars used in marketing various products; • sports scandals, including those involving leagues, associations, teams or athletes with ties to us or our markets; • costs related to the closure of existing stores; • litigation; • the success or failure of college and professional sports teams in our markets; • expansion of existing or entry of new competitors into our markets; • consolidation of competitors in our markets; • shift in consumer tastes and fashion trends; • calendar shifts or holiday or seasonal periods; • the timing of income tax refunds to customers; • changes in laws and regulations, politics or consumer advocacy affecting our business, including sentiment relating to the sale of firearms and ammunition; • cancellations of tax- free holidays in certain states; • pricing, promotions or other actions taken by us or our existing or possible new competitors; and • changes in other tenants or landlords or surrounding geographic circumstances in the shopping centers in which we are located. Our quarterly operating results and comparable sales may also be affected by the timing of new store openings and the relative proportion of new stores to mature stores, the level of pre- opening expenses associated with new stores and the amount and timing of net sales contributed by new stores. Furthermore, our operating margins may be impacted in periods in which incremental expenses are incurred as a result of upcoming new store openings. The occurrence of severe weather events, catastrophic **public** health events, natural or man- made disasters, social and political conditions or civil unrest could significantly damage or destroy our retail locations, could prohibit consumers from traveling to our retail locations or could prevent us from resupplying or staffing our stores or distribution centers or fulfilling ~~out~~ **our** e- commerce orders, especially during peak shopping seasons. Unforeseen events, including public health ~~emergencies~~ **events** , such as pandemics, natural disasters, such as earthquakes, hurricanes, tornadoes, freezes, snow or ice storms, floods and heavy rains, heatwaves, and man- made disasters, such as an oil spill closing large areas of hunting or fishing, could disrupt our operations or the operations of our suppliers, as well as the behavior of our consumers. For example, frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and thereby reduce our sales and profitability. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain and cause staffing shortages in our stores. Global climate change may result in significant natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea- level rise, and flooding. Socio- political factors, such as foreign wars, civil unrest or other economic or political uncertainties that contribute to consumer unease or harm to our supply chain or store base, may also result in decreased discretionary spending, property damage and / or business interruption losses. For example, we may face losses related to the civil unrest in the United States, such as ~~the~~ that which occurred in late May 2020 in response to reported incidents of police violence. To the extent these events result in the closure of one or more of our distribution centers, a significant number of stores, or our corporate headquarters or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to support our business, resupply or staff our stores, distribution centers or corporate headquarters or fulfill our e- commerce orders, especially during peak shopping seasons, and through lost sales and any precautions that we may take may not be adequate to mitigate the impact of such events. ~~As~~ **If** these events ~~occur in the future, if they should~~ impact areas in which we have our corporate headquarters, ~~a~~ distribution centers ~~or~~ **,** a concentration of retail stores or vendor sources **or foreign and / or U. S. ports** , such events could have a material adverse effect on our business, financial condition and results of operations. Our **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 could adversely affect our** business ~~is significantly dependent on our ability to meet our labor needs~~ . The success of our business depends significantly on our ability to hire and retain quality team members, including store managers, Enthusiasts and other store team members, distribution center team members and corporate directors, managers and other personnel. We plan to expand our team member base to manage our anticipated growth. Competition for non- entry- level personnel, particularly for team members with retail experience, is highly competitive. Additionally, our ability to maintain consistency in the quality of customer service in our stores is critical to our success. Many of our store team members are in entry- level or part- time positions that historically have high rates of turnover **, which can lead to increased training and retention costs, particularly if employment opportunities increase** . We are also dependent on the team members who staff our distribution centers, many of whom are skilled. We may be unable to meet our labor needs and control our costs due to external factors such as the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, competition, unemployment levels, demand for certain labor expertise, prevailing wage rates, wage inflation, changing demographics, health and other insurance costs, adoption of new or revised employment and labor laws and regulations, and the impacts of man- made or natural disasters, such as tornadoes, hurricanes, and public health ~~emergencies~~ **events** , such as the COVID- 19 pandemic. We have experienced, and expect to continue to experience, a shortage of labor for certain functions, which has increased our labor costs and negatively impacted our profitability. The extent and duration of the effect of these labor market challenges are subject to numerous factors, including ~~the continuing effect of the COVID- 19 pandemic,~~ availability of qualified persons in the markets where we and our contracted service providers operate and unemployment levels within these markets, behavioral changes, prevailing wage rates and other benefits, inflation, adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, safety levels of our operations, and our reputation within the labor market. Recent or potential future legislative initiatives may seek to increase the federal minimum wage in the United States, as well as the minimum wage in a number of individual states or markets. As federal or state minimum wage rates increase, we may need to increase not only the wage rates of our minimum wage team members, but also the wages paid to our other hourly team members as well. Further, should we fail to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline, causing our customer service to suffer. Additionally, the U. S. Department of Labor has ~~indicated that it intends to propose~~ **proposed** rules that **we continue to monitor which** may have salary and wage impact for " exempt " team members, which could result in a substantial increase in store payroll expense. Any increase in the cost of our labor could have an adverse effect on our operating costs, financial condition and results of operations. If we are unable to hire and retain store- level team members capable of providing a high level of customer service, skilled distribution center team members or other qualified personnel, our business could be materially adversely affected. Although none of our team members are currently covered under collective bargaining agreements, we cannot guarantee that our team members will not elect to be represented by labor unions in the future. If some or our entire workforce were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements or work practice, it could have a material adverse effect on our business, financial condition and results of operations. We depend on key personnel in order to support our existing business and future initiatives and may not be able to retain or replace these team members, recruit additional qualified personnel or effectively manage succession. Our future success may be adversely impacted if we are not able to attract, retain and develop talent and future leaders, including our senior executives and team members. Our senior executive team closely supervises all major aspects of our business, including the design and development of our strategy, and procurement of merchandise; operation of our information technology platforms, supply chain, and store network; development and retention of critical talent; and financial planning, reporting and compliance. Our senior executive team has substantial experience and expertise in our retail business, and serves an integral role in the growth and support of our various initiatives. If we were to lose the leadership of senior executives or other key team members **without appropriate successors in place** , our business could be adversely affected. In addition, if significant unexpected turnover occurs at the team member level, the loss of the services of these individuals, or any resulting negative perceptions of our business, could damage our reputation and our business. Competition for such qualified talent is ~~intense~~ **significant** , and we cannot be sure we will be able to find suitable successors promptly, or at all, or to successfully integrate any successors, or that we will be able to attract, retain, and develop a sufficient number of qualified individuals in future periods. Our stores are located primarily in the southern United States which could subject us to regional risks. Because our stores are located primarily in the southern United States, we are subject to regional risks, such as the regional economy, weather conditions and natural disasters such as floods, droughts, tornadoes and hurricanes. Man- made disasters, such as an oil spill in the Gulf of Mexico, a nuclear power plant crisis or other events, may also impact our regional area. We sell a significant amount of merchandise related to outdoor activities which can be adversely affected by such events that may postpone the start of or shorten sports seasons or inhibit participation in other outdoor activities or otherwise have a significant impact on our operations. Several of our competitors operate stores across the United States and thus are not as vulnerable to the risks of operating in one region. If a region of our stores' footprint suffers an economic downturn or any other adverse regional event, there could be an adverse impact on our net sales and results of operations and our ability to implement our planned expansion program. Fluctuations in merchandise costs and availability due to fuel price uncertainty, demand changes, increases in commodity prices, labor shortages and other factors could negatively impact our consolidated and combined results of operations. The cost of our merchandise is affected, in part, by the price of raw materials. A substantial rise in the price of raw materials could dramatically increase the costs associated with manufacturing the merchandise that we purchase from our suppliers, which could cause the price of our merchandise to increase and could have a negative impact on our sales and profitability. In addition, increases in commodity prices could also adversely affect our results of operations. If we increase the price for our products in order to maintain gross margins for our products, such increase may adversely affect demand for, and sales of, our products, which could have a material adverse effect on our financial condition and results of operations. We rely upon various means of transportation, including ships and trucks, to deliver products from vendors to our distribution centers and from our distribution centers to our stores. Consequently, our results can vary depending upon numerous factors affecting transportation, including the price of fuel and the availability of trucks and ships. The price of fuel and demand for transportation services has fluctuated significantly over the last few years, and has resulted in increased costs for us and our vendors. ~~Additionally~~ **For example** , during fiscal ~~2022~~ **2021** , we ~~observed~~ **began to see** increased competition across the industry for resources throughout the supply chain, which resulted in disruptions to the flow of products from our vendors, labor shortages, reduced shipping container availability, and longer delays at the port. ~~These factors~~ **As a result, we experienced a period of decreased or delayed supply and high inflation which** negatively impacted transportation **and inventory** costs **. Over** ~~, and required us to pay higher rates to maintain our inventory levels, and we expect such supply chain challenges to continue at least in~~ the **past** ~~near~~ **year** ~~term~~ **, we have seen improvement to these constraints, resulting in decreased freight costs** . In addition, changes in regulations may result in higher fuel costs through taxation, transportation restrictions or other means. Fluctuations in transportation costs and availability could adversely affect our results of operations. Labor shortages in the transportation industry have **historically had** and **could potentially** ~~are expected to~~ continue to negatively affect transportation costs and our ability to supply our stores in a timely manner. In particular, our business is highly dependent on the shipping and trucking industry to deliver products to our distribution centers and our stores. Our results of operations may be adversely affected if we, or our vendors, are unable to secure adequate transportation resources at competitive prices to fulfill our delivery schedules to our distribution centers or our stores. Difficulties in moving products manufactured overseas and through the ports of North America, whether due to port congestion, government shutdowns, labor disputes, product regulations and / or inspections or other factors, including man- made or natural disasters and public health ~~emergencies~~ **events** , could negatively affect our business. We are subject to payment- related risks **that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business** . For our sales to our customers, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers and electronic payment systems. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, our business could be harmed **. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems** . We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could harm our brand, reputation, business and results of operations. Our success depends on the effectiveness of our marketing and advertising programs. Brand marketing and advertising significantly affect sales at our locations, as well as e- commerce sales. Our marketing and advertising programs may not be successful, which may prevent us from attracting new customers and retaining existing customers. If sales decline, we will have fewer funds available for marketing and advertising, which could materially and adversely affect our revenues, business and results of operations. As part of our marketing efforts, we rely on print, television and radio advertisements, as well as search engine marketing, web advertisements, social media platforms and other digital marketing to attract and retain customers. These efforts may not be successful, resulting in expenses incurred without the benefit of higher revenues or increased customer or team member engagement. Customers are increasingly using internet sites and social media to inform their purchasing decisions and to compare prices, product assortment, and feedback from other customers about quality, responsiveness and customer service before purchasing our services and products. If we are unable to continue to develop successful marketing and advertising strategies, especially for online and social media platforms, or if our competitors develop more effective strategies, we could lose customers and sales could decline **. If we are unable to protect against inventory shrink, our results of operations and financial condition could be adversely affected. Our business depends on our ability to effectively manage our inventory. We have historically experienced loss of inventory (also called shrink) due to damage, theft (including from organized retail crime), and other causes. We continue to experience elevated levels of inventory shrink relative to historical levels, which has adversely affected, and could continue to adversely affect, our results of operations and financial condition. To protect against rising inventory shrink, we have taken, and may continue to take, certain operational and strategic actions that could adversely affect our reputation, customer experience, and results of operations. In addition, sustained high rates of inventory shrink at certain stores could impact the profitability of those stores and result in the impairment of long- term assets** . We may pursue strategic acquisitions, which could have an adverse impact on our business, as could assimilation of companies following acquisition. Although we have never done so in the past, we may from time to time acquire companies or businesses in the future. Acquisitions may result in difficulties in assimilating acquired companies, and may result in the diversion of our capital and our management' s attention from other business issues and opportunities. We may not be able to successfully integrate companies or businesses that we acquire, including their personnel, financial systems, distribution, operations and general store opening procedures. If we fail to successfully integrate acquisitions, our business could suffer. In addition, the integration of any acquired business and their financial results may adversely affect our results of operations. We are subject to costs and risks associated with laws and regulations affecting our business, including those relating to the sale, manufacture and import of consumer products and other matters, and the substance or enforcement of such laws may change or become more stringent. We operate in a complex regulatory and legal environment that exposes us to regulatory, compliance and litigation risks that could materially affect our operations and financial results. We are subject to regulation by numerous federal, state and local regulatory agencies and authorities, including the U. S. Consumer Product Safety Commission, Equal Employment Opportunity Commission, Department of Labor, Occupational Safety and Health Administration, Department of Justice (DOJ), Department of Treasury, Federal Trade Commission, Customs and Border Protection, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), SEC, Internal Revenue Service, or IRS, and Environmental Protection Agency and comparable state and local agencies. Laws and regulations affecting our business may change, sometimes frequently and significantly, as a result of political, economic, social or other events. Some of the federal, state or local laws and regulations that affect us include but are not limited to: • consumer product safety, product liability or consumer protection laws; • laws related to advertising, marketing, pricing and selling our products, including but not limited to firearms, ammunition, and related accessories; • labor and employment laws, including wage and hour laws; • tax laws or interpretations thereof, including collection of state sales tax on e- commerce sales; • data protection and privacy laws and regulations; • environmental laws and regulations; • hazardous material laws and regulations; • customs or import and export laws and regulations, including collection of tariffs on product imports; • intellectual property laws; • antitrust and competition regulations; • banking and anti- money laundering regulations; • Americans with Disabilities Act, or ADA, and similar state and local laws and regulations; • website design and content regulations; and • securities and exchange laws and regulations. We are a federally licensed firearms dealer and we sell firearms, ammunition, and related accessories. Firearms represented approximately ~~6~~ **5** % of our net sales in ~~2022~~ **2023** . Numerous federal, state and local laws and regulations govern the procurement, transportation, storage, distribution and sale and marketing of firearms, ammunition, and related accessories, including the regulations governing the performance of federally and state mandated procedures for determining customer firearm purchase eligibility (such as age and residency verification, background checks and proper completion of required paperwork). In June 2021, the DOJ announced a new policy to underscore zero tolerance for willful violations of the law by federally licensed firearms dealers that put public safety at risk. **Since announcing this policy, ATF (a law enforcement agency in the DOJ) revoked 157 federal firearms licenses in 2023, compared to 88 licenses revoked in 2022 and five in the last six months of 2021.** In the future, there may be increased federal, state or local regulation or enforcement affecting the sale of firearms, ammunition, and related accessories, including taxation or restrictions on the type of firearms and ammunition available for retail sale, which could reduce our sales and profitability. A failure by us to follow these laws or regulations may subject us to claims, lawsuits, fines, penalties, adverse publicity and government action (up to and including the possible revocation of licenses and permits allowing the sale of firearms and ammunition), which could have a material adverse effect on our business and results of operations. Another significant risk relating to our operations is compliance with the FCPA, the UKBA, and other anti- corruption laws applicable to our international operations. In many foreign countries, particularly in those with developing economies, it may be a local custom that businesses operating in such countries engage in bribery and other business practices that are prohibited by the FCPA, the UKBA or other U. S. and foreign laws and regulations applicable to us. We have internal policies, procedures and standards that we require all of our team members, agents and vendors to meet. Although we have implemented policies, procedures and standards of conduct designed to ensure compliance with the laws or regulations affecting our business, there can be no assurance that all of our team members, agents and vendors will comply with such laws, policies, procedures and standards of conduct. If we or one of our domestic or foreign agents or vendors fails to comply with a law or regulation, including any of the foregoing laws or regulations, or if we or one of our domestic or foreign agents or vendors fails to comply with our required policies, procedures or standards of conduct, then we may be forced to discontinue conducting business with the agent or vendor and we or they may be subject to claims, lawsuits, fines, penalties, loss of a license or permit and adverse publicity or other consequences that could have a material adverse effect on our business, results of operations and financial condition. We are subject to risks associated with climate change and other sustainability- related matters, or legal, regulatory or market expectations and responses. Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere, including increases in global temperatures, changes in weather patterns and increasingly frequent and / or prolonged extreme weather and climate related events, could present risks to our operations. **The potential impacts of climate change present a variety of risks. The physical effects of climate change, such as extreme weather conditions, drought, and rising sea levels, could adversely affect our results of operations, including by increasing our energy costs, disrupting our supply chain, negatively impacting our workforce, damaging our stores, distribution centers, and inventory, and threatening the habitability of the locations in which we operate. We have significant operations in certain states where natural disasters are more prevalent. Natural disasters in those states or in other areas where we operate could result in significant physical damage to or closure of one or more of our stores, distribution centers, facilities, or key vendors. In addition, weather conditions, natural disasters, and other catastrophic events in areas where we or our vendors operate, or depend upon for continued operations, could adversely affect the availability and cost of certain products within our supply chain, affect consumer purchasing power, and reduce consumer demand. Any of these events could adversely affect our results of operations.** For additional information, see also our risk factor related to the impact of severe weather under " Risks Related to Our Business and Industry " above. Climate change could exacerbate challenges relating to the availability and quality of water and raw materials, including those used in the production of the private label and other merchandise that we sell **, may lead to increased energy usage and costs** , and may result in changes in regulations or consumer preferences that could have a material adverse effect on our business, results of operations and financial condition. **Uncharacteristic or significant weather conditions, including the physical impacts of climate change, can affect consumer shopping patterns, particularly in apparel and seasonal items, which could lead to lower sales or greater than expected markdowns and adversely affect our results of operations.** There has been an increased focus by governmental and non- governmental organizations, customers, team members and other stakeholders on products that are sustainably made and other sustainability matters, including responsible sourcing, the use of plastic, conservation, energy and water, the recyclability of packaging and materials transparency, all of which may require us to incur increased costs for additional transparency, due diligence, and reporting. Additionally, recent proposed **legislative and** regulatory changes related to climate change and reporting ~~,~~ **at both the federal and state levels** could increase the complexity of, and compliance costs associated with, such regulations ~~that~~ **, which** could have a material adverse effect on our business, results of operations and financial condition. We are, and may in the future, be subject to claims, demands and lawsuits, and our insurance or indemnities may not be sufficient to cover damages related to those claims and lawsuits. From time to time we may be involved in lawsuits, demands or other claims arising in the ordinary course of business. For example, we are, and may in the future, be subject to claims, demands and lawsuits, and we may suffer losses and adverse effects to our reputation, related to: • injuries or crimes associated with merchandise we sell, that has been associated with an increased risk of injury, including but not limited to firearms, ammunition, firearm accessories, air pistols, crossbows and other archery equipment, knives, deer stands and other hunting equipment, trampolines, wheeled goods such as bicycles and ride- on toys, certain merchandise qualifying as hazardous material and other products; • product liability claims from customers or actions required or penalties assessed by government agencies relating to products we sell, including but not limited to products that are recalled, defective or otherwise alleged to be harmful; • the design, purchase, manufacture, import, distribution and sale of our private label brand products; • the procurement, transportation, storage, distribution and sale of firearms and ammunition, including improper performance of federally mandated procedures for determining customer firearm purchase eligibility (such as age and residency verification, background checks and proper completion of required paperwork); • municipalities or other organizations attempting to recover costs from firearm manufacturers and retailers, relating to the use of firearms and ammunition; • the operations of a fleet of trucks for distribution purposes, including transportation of hazardous materials by such fleet; • the procurement and ownership, leasing or operation of property for retail stores, distribution centers and other corporate needs; • the alleged infringement upon intellectual property rights to merchandise we sell or technology or services we use, including information technology, marketing and advertising services; • global sourcing, including international, customs and trade issues; • real estate issues, including construction, leasing, zoning and environmental issues; • employment issues, including actions by team members, the Equal Employment Opportunity Commission, the Department of Labor, the Occupational Safety and Health Administration and other federal and state employment agencies; • commercial disputes, including contractual and business disputes with vendors, landlords, or competitors; • tort, personal injury and property damage claims related to our stores, e- commerce, distribution centers or corporate headquarters; **• unauthorized access to our information systems or facilities that results in a breach of data security or privacy;** and • regulatory compliance, including relating to consumer protection, marketing and advertising, product safety, workplace safety, firearms, ammunition and related accessories, knives, import / export customs, taxes, tariffs, duties, and surcharges, data security and privacy, food and other regulated products, accounting, labor and employment, environmental matters, and hazardous materials. We sell firearms, ammunition, and related accessories. These products are associated with an increased risk of injury and related lawsuits with respect to our compliance with **federal** ~~Bureau of Alcohol, Tobacco, Firearms and Explosives~~ and state laws and regulations **covering such products** . Any improper or illegal use by our customers of firearms, ammunition, or related accessories sold by us could have a negative impact on our reputation and business. We are, and may in the future also be, subjected to claims and lawsuits, including potential class actions, relating to our policies and practices on the sale of firearms, ammunition, or related accessories. We are, and may in the future also be, subjected to claims and lawsuits relating to the improper use of firearms, ammunition, or related accessories sold by us, including lawsuits by victims or municipalities or other organizations attempting to recover losses or costs from manufacturers and retailers of firearms, ammunition, and related accessories. Due to the inherent uncertainties of claims and lawsuits, we cannot accurately predict the ultimate outcome of any such matters. These claims and lawsuits could cause us to incur significant expenses and devote substantial resources to defend against them and, in some cases, we could incur significant losses in the form of settlements, judgments, fines, penalties, injunctions or other orders, as well as negative publicity, that could have a material adverse effect on our business, results of operations and financial condition. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any such assertions could adversely affect our reputation. We maintain insurance coverage with third- party insurers. However, not every risk or liability is or can be protected by insurance, and, for those risks we insure, the limits of coverage we purchase or that are reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred. Liability insurance coverage is expensive and there is a risk that commercially available liability insurance will not continue to be available to us at a reasonable cost, if at all. If we or other industry participants sustain significant losses or make significant insurance claims, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected. An inability to obtain liability insurance, significant increases in the cost of insurance we obtain, or losses in excess of our liability insurance coverage could have a material adverse effect on us. Any insurance we carry, including the aforementioned insurance coverage, reflects deductibles, self- insured retentions, limits of liability and similar provisions that we believe are prudent based on our operations. To offset negative insurance market trends, we may elect to self- insure, accept higher insurance deductibles or reduce the amount of insurance coverage in response to market changes. Additionally, we self- insure a portion of expected losses under our workers' compensation, general liability, Academy, Ltd. Texas Work Injury Benefit Plan, and group health insurance programs. We use the services of independent actuaries for loss adjustment expense reserve analyses for the aforementioned lines of insurance. Liabilities associated with these lines of insurance are based on actual claim data and estimates of incurred but not reported claims, developed using actuarial methodologies, and may be based on historical claim trends, industry factors, claim development, as well as other actuarial assumptions. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, variability in inflation rates, changes in the nature and method of claims settlement, benefit level changes due to changes in applicable laws, insolvency of insurance carriers, and changes in discount rates could result in materially different expenses than expected under these programs, which could have a material adverse effect on our results of operations and financial condition. We require many of our vendors to carry their own insurance, and we have indemnity agreements with many of our vendors, but we cannot be assured that (1) any specific claim or lawsuit will be subject to a vendor' s insurance or indemnity agreement, (2) our vendors will carry or maintain such insurance coverage or meet their indemnity obligations or (3) we will be able to collect payments from our vendors sufficient to offset liability losses or, in the case of our private label brand products, where almost all of the manufacturing occurs outside the United States, that we will be able to collect anything at all. With all claims and lawsuits, however, there is a risk that liabilities, fines and losses may not be covered by insurance or indemnity or may exceed insurance or indemnity coverage. Our sales and operating results could be adversely affected by product safety concerns. If the products that we offer, including from both national brands and our private label brands, do not meet applicable safety standards or our customers' expectations regarding safety, we could experience decreased sales, increased costs, and / or be exposed to legal and ~~might give rise to~~ reputational risk. All of our vendors must comply with applicable product safety laws, and **we rely on** ~~it is our expectation that~~ our vendors ~~will stand behind their products~~ to ensure that the products we buy comply with all federal, state, and local requirements for sale, including product safety, labeling, and testing requirements. Negative customer perceptions and publicity regarding the safety and sourcing of the products we sell, and events that give rise to actual, potential, or perceived product safety concerns could expose us to government enforcement action and / or private litigation. Furthermore, reputational damage caused by real or perceived product safety concerns could have a negative impact on our sales and operating results. Our failure to protect our intellectual property or avoid the infringement of third- party intellectual property rights could be costly and have a negative impact on our results of operations. We believe that our trademarks, service marks, copyrights, patents, processes, trade secrets, domain names and other intellectual property, including our Academy Sports Outdoors brand, our private label brands, such as Academy Sports Outdoors, Magellan Outdoors, BCG, O' rageous, Game Winner, Outdoor Gourmet ~~and~~ **,** Freely **and R. O. W.** , and our goodwill, designs, names, slogans, images and trade dress associated with these brands, are valuable assets, **and are** essential to our success and our competitive position due to their name recognition with customers. The unauthorized use or other misappropriation of our intellectual property could diminish the value of our brands or goodwill and cause a decline in our sales. In addition, any infringement or other intellectual property claim made by or against us, whether or not it has merit, could be time- consuming, result in costly litigation, cause product delays, cause us to discontinue affected products, distract key resources from our core business or require us to enter into royalty or licensing agreements. As a result, any such claim made by or against us or our failure to protect our intellectual property could have an adverse effect on our results of operations. Our level of indebtedness requires that we dedicate a portion of our cash flows to debt service payments and reduces the funds that would otherwise be available for other general corporate purposes and other business opportunities, which could adversely affect our operating performance, growth, profitability and financial condition, which in turn could make it more difficult for us to generate cash flow sufficient to satisfy all of our obligations under our indebtedness. As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we had approximately $ ~~194~~ **91** . 8 million outstanding under the Term Loan and $ 400. 0 million outstanding under the Notes, all of which is secured. As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we had no borrowings outstanding under the ABL Facility (as defined in Note 4 of the accompanying financial statements), an available borrowing capacity under the ABL Facility of approximately $ ~~947~~ **881** . ~~8~~ **4** million (which is subject to customary borrowing conditions, including a borrowing base), and outstanding letters of credit of $ ~~13~~ **11** . ~~9~~ **6** million, all of which were issued under the ABL Facility. Our overall level of indebtedness requires that we dedicate a portion of our cash flows to debt service payments. The Term Loan (as defined in Note 4 of the accompanying financial statements) requires quarterly principal payments through September 30, 2027, and monthly cash interest payments through maturity. The ABL Facility, under which we had no borrowings as of ~~January 28~~ **February 3** , ~~2023~~ **2024** , matures on November 6, 2025. The Notes (as defined in Note 4 of the accompanying financial statements) require semi- annual payments of interest (in arrears) and matures on November 15, 2027. Our indebtedness reduces the funds that would otherwise be available for operations, future business opportunities and payments of our debt obligations and limits our ability to: • obtain additional financing, if necessary, for working capital and operations, or such financing may not be available on favorable terms; • make needed capital expenditures; • make strategic acquisitions or investments or enter into joint ventures; • react to changes or withstand a future downturn in our business, the industry or the economy in general; • meet store growth, distribution center expansion, e- commerce growth, budget targets and forecasts of future results; • engage in business activities, including future opportunities that may be in our interest; and • react to competitive pressures or compete with competitors with less debt. These limitations could adversely affect our operating performance, growth, profitability and financial condition, which would make it more difficult for us to generate cash flow sufficient to satisfy our obligations under our indebtedness. Our ability to make scheduled payments on our debt obligations also depends on our financial condition, results of operations and capital resources, which are subject to, among other things: the business, financial, economic, industry, competitive, regulatory and other factors discussed in these risk factors, and on other factors, some of which are beyond our control, including: the level of capital expenditures we make, including those for acquisitions, if any; our debt service requirements; fluctuations in our working capital needs; our ability to borrow funds and access capital markets; and restrictions on debt service payments and our ability to make working capital borrowings for debt service payments contained in our debt instruments. If we are unable to generate sufficient cash flow to permit us to make scheduled service payments on our debt, then we will be in default and holders of that debt could declare all outstanding principal and interest to be due and payable. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, in the event of a default, the lenders under the ABL Facility could terminate their further commitments to loan money and our secured lenders under the Term Loan and the ABL Facility and / or holders of the Notes could foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation. Despite our level of indebtedness, we may still be able to incur substantially more debt, which could further increase the risks to our financial condition described above. Despite our level of indebtedness, we may be able to incur significant additional indebtedness in the future, including off- balance sheet financings, trade credit, contractual obligations and general and commercial liabilities. Although the credit agreements governing the Term Loan and the ABL Facility and the indenture governing the Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness, and additionally we have further borrowing capacity under the ABL Facility. As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we had no borrowings outstanding under the ABL Facility, and an available borrowing capacity under the ABL Facility of approximately $ ~~947~~ **881** . ~~8~~ **4** million (which is subject to customary borrowing conditions, including a borrowing base). We may be able to increase the commitments under the ABL Facility by $ 250. 0 million, subject to certain conditions. We may also be able to increase the capacity under the Term Loan by up to the greater of (x) $ 480. 0 million and (y) 100 % of the Consolidated EBITDA (as defined in the Term Loan), plus an additional amount, subject to certain conditions, which borrowings would be secured indebtedness. The addition of new debt to our current debt levels could further exacerbate the related risks to our financial condition that we now face. If we are unable to generate sufficient cash to service all of our indebtedness, we may be forced to take other actions to fund the satisfaction of our obligations under our indebtedness, which may not be successful. If our cash flow is insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, raise additional debt or equity capital or restructure or refinance our indebtedness. However, we may not be able to implement any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Even if new financing were available, it may be on terms that are less attractive to us than our then existing indebtedness or it may not be on terms that are acceptable to us. In addition, the credit agreements governing the Term Loan and the ABL Facility and the indenture governing the Notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Thus, we may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. If we cannot generate sufficient cash flow to permit us to make scheduled payments on our debt, then we will be in default and holders of that debt could declare all outstanding principal and interest to be due and payable. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, in the event of a default, the lenders under the ABL Facility could terminate their further commitments to loan money and our secured lenders under the Term Loan and the ABL Facility and / or holders of the Notes could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. The terms of our outstanding indebtedness may restrict our current and future operations, particularly our ability to respond to changes or to take certain actions. The credit agreements governing the Term Loan and the ABL Facility and the indenture governing the Notes contain restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our best interest, including restrictions on our ability to: • incur additional indebtedness and guarantee indebtedness; • pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock; • prepay, redeem or repurchase certain debt; • make loans, investments and other restricted payments; • sell or otherwise dispose of assets; • incur liens; • enter into transactions with affiliates; • alter the businesses we conduct; • enter into agreements restricting our subsidiaries' ability to pay dividends; and • consolidate, merge or sell all or substantially all of our assets. Additionally, at certain times, the ABL Facility requires maintenance of a certain minimum adjusted fixed charge coverage ratio. Our ability to comply with the covenants and restrictions contained in our credit agreements and indenture may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants and restrictions may be impaired. A breach of the covenants under one of these agreements could result in an event of default under the applicable indebtedness, which, if not cured or waived, could have a material adverse effect on our business, results of operations and financial condition. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt principal and / or related interest payments and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, an event of default under the credit agreement governing our ABL Facility would permit the lenders under our ABL Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under secured indebtedness, the lenders / holders of such indebtedness could proceed against the collateral granted to them to secure that indebtedness, and we could be forced into bankruptcy or liquidation. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Borrowings under the Term Loan and ABL Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed will remain the same, and our net income and operating cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. ~~We~~ **In the past we have used, and in the future we may again** use interest rate swap agreements to hedge market risks relating to possible adverse changes in interest rates with the intent of reducing volatility in our cash flows due to fluctuations in interest rates. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk, may prove disadvantageous, or may create additional risks. In addition, our hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument. ~~LIBOR~~ **Secured Overnight Financing Rate (“ SOFR ”)** and other interest rates that are indices deemed to be “ benchmarks ” are the subject of recent and ongoing national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on our existing facilities or our future debt linked to such a “ benchmark ” and our ability to service debt that bears interest at floating rates of interest. If the financial institutions that are lenders under the ABL Facility fail to extend credit under the facility or reduce the borrowing base, our liquidity and results of operations may be adversely affected. One of our sources of liquidity is the ABL Facility. Each financial institution that is a lender under the ABL Facility is responsible on a several but not joint basis for providing a portion of the loans to be made under the facility. If any participant or group of participants with a significant portion of the commitments under the ABL Facility fails to satisfy its or their respective obligations to extend credit under the facility and we are unable to find a replacement for such participant or participants on a timely basis (~~if~~ **or** at all), our liquidity may be adversely affected. In addition, the lenders under the ABL Facility may reduce the borrowing base under the facility in certain circumstances, which could adversely impact our liquidity and results of operations. Our level of indebtedness may hinder our ability to negotiate favorable terms with our landlords, vendors and suppliers, which could negatively impact our operating performance and, thus, could make it more difficult for us to generate cash flow sufficient to satisfy all of our obligations under our indebtedness. Our new store profitability is partially attributable to our ability to negotiate attractive rental rates with our landlords and **, in the future,** to secure sale- leaseback financing at attractive cap rates. Our level of indebtedness may adversely affect our credit profile or rating, which may adversely affect our ability to negotiate favorable rental rates for our new store locations or expiring existing store leases or secure sale- leaseback financing. This could negatively impact the profitability of new and existing stores and potentially limit the number of viable new store locations or replacement store locations for expiring store leases. Our successful retail strategy is partially attributable to our ability to negotiate favorable trade terms with our vendors. Our level of indebtedness may adversely affect our credit profile or rating, which may adversely affect our ability to negotiate favorable trade terms from our current or future merchandise vendors, including pricing, payment, delivery, inventory, transportation, defective and marketing allowances and other terms, and may increase our need to support merchandise purchases with letters of credit. We may also be unable to negotiate favorable trade terms for our current or future service and non- merchandise vendors, including vendors that assist us in critical aspects of the business such as real estate, transportation and logistics, customs, hazardous material and firearm compliance, warehousing and storage, insurance and risk management, procurement, marketing and advertising, store and online operations and information technology. This could negatively impact the profitability of our business and our ability to effectively compete against other retailers. Thus, our level of indebtedness could adversely affect the profitability of our business, which could make it more difficult for us to generate cash flow sufficient to satisfy our obligations under our indebtedness. Our stock price may be highly volatile or may decline regardless of our operating performance, and you may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result. The trading price of our common stock may be highly volatile and may be adversely affected due to a number of factors, ~~most~~ **many** of which ~~we cannot~~ **are beyond our** control, including **without limitation** those listed elsewhere under this “ Risk Factors ” section, and the following: • results of operations that vary from the expectations of securities analysts and investors; • results of operations that vary from those of our competitors; • changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors; • changes in economic conditions for companies in our industry; • changes in market valuations of, or earnings and other announcements by, companies in our industry; • declines in the market prices of stocks generally, particularly those of sporting goods and outdoor recreation retail companies; • additions or departures of key management personnel; • strategic actions by us or our competitors; • announcements by us, our competitors, our suppliers of significant contracts, price reductions, new products or technologies, acquisitions, dispositions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments; • changes in preference of our customers and our market share; • changes in general economic or market conditions or trends in our industry or the economy as a whole; • changes in governmental fiscal policy or interest rate regulation; • changes in business or regulatory conditions; • future sales of our common stock or other securities **, or the perception that such sales may occur** ; • investor perceptions of or the investment opportunity associated with our common stock relative to other investment alternatives; • changes in the way we are perceived in the marketplace, including due to negative publicity or campaigns on social media to boycott certain of our products, our business or our industry; • the public' s response to press releases or other public announcements by us or third parties, including our filings with the SEC; • changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business; • announcements relating to litigation or governmental investigations; • guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; • the development and sustainability of an active trading market for our common stock; • changes in accounting principles; and • other events or factors, including those resulting from informational technology system failures and disruptions, epidemics, pandemics, natural disasters, acts of terrorism, civil unrest, wars ~~(including the invasion of Ukraine by Russia and its regional and global ramifications)~~ or responses to these events. Furthermore, the stock market may experience extreme volatility that, in some cases, may be unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. In the past, following periods of market volatility, stockholders have instituted securities class action litigation against various issuers. If we were to become involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation, which may adversely affect the market price of our common stock. We cannot provide any guaranty of future dividend payments or that we will repurchase our common stock pursuant to our share repurchase program, and our indebtedness could limit our ability to pay future dividends on our common stock. We declared and paid our first quarterly cash dividend for the fourth quarter for fiscal 2021 and have paid a quarterly cash dividend consistently thereafter. **However, we are not required to declare dividends.** Any determination to pay future dividends to holders of our common stock will be at the discretion of our ~~board~~ **Board** of ~~directors~~ **Directors** and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, **business strategy,** legal requirements, covenant compliance, restrictions in our existing and any future debt agreements and other factors that our ~~board~~ **Board** of ~~directors~~ **Directors** deems relevant. Therefore, there can be no assurance that we will pay any dividends to holders of our common stock or as to the amount of any such dividends. In addition, our historical results of operations, including cash flow, are not indicative of future financial performance, and our actual results of operations could differ significantly from our historical results of operations. We have not adopted, and do not currently expect to adopt, a separate written dividend policy. Furthermore, although our ~~board~~ **Board** of ~~directors~~ **Directors** has authorized a share repurchase program, the timing, manner, price and amount of any common stock repurchases will be determined by the Company in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. We are not obligated to make any purchases under the program, and we may discontinue it at any time. Additionally, our operations are conducted through our wholly owned subsidiaries and our ability to generate cash to meet our debt service obligations or to make future dividend payments or conduct share repurchases, if any, is highly dependent on the earnings of, and the receipt of funds from, our subsidiaries via dividends or intercompany loans. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock ~~. If securities analysts do not publish research or reports about our~~ - **or** ~~business or~~ **our ability to repurchase** ~~if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for~~ our common stock ~~will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, or if our operating results do not meet their expectations, the price of our stock could decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline~~ . Anti- takeover provisions in our organizational documents could delay or prevent a change of control. Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things: • a classified ~~board~~ **Board** of ~~directors~~ **Directors** , as a result of which our ~~board~~ **Board** of ~~directors~~ **Directors** is divided into three classes, with each class serving for staggered three- year terms; • the ability of our ~~board~~ **Board** of ~~directors~~ **Directors** to issue one or more series of preferred stock without stockholder approval; • advance notice requirements for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • certain limitations on convening special stockholder meetings; • the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2 / 3 % of the shares of common stock entitled to vote generally in the election of directors; and • that certain provisions may be amended only by the affirmative vote of at least 66 2 / 3 % of shares of common stock entitled to vote generally in the election of directors. These anti- takeover provisions could make it more difficult for a third party to acquire us, even if the third party' s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. Our ~~board of directors is authorized to issue and designate shares of our preferred stock in additional series without stockholder approval. Our amended and restated certificate of incorporation authorizes our board of directors, without the approval of our~~

~~stockholders, to issue 50 million shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our amended and restated certificate of incorporation, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with our common stock, which may reduce its value. Our~~ amended and restated certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders and the federal district courts will be the exclusive forum for Securities Act claims, which could limit our stockholders' ability to bring a suit in a different judicial forum than they may otherwise choose for disputes with us or our directors, officers, team members or stockholders. Our amended and restated certificate of incorporation provides, subject to limited exceptions, that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee or stockholder of our company to the Company or our stockholders, creditors or other constituents, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, which already provides that such claims must be bought exclusively in the federal courts. Our amended and restated certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum, the U. S. federal district courts will be the exclusive forum for the resolution of any actions or proceedings asserting claims arising under the Securities Act. While the Delaware Supreme Court has upheld the validity of similar provisions under the DGCL, there is uncertainty as to whether a court in another state would enforce such a forum selection provision. Our exclusive forum provision does not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders are not ~~be~~ deemed to have waived our compliance with these laws, rules and regulations. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other team members or stockholders. Alternatively, if a court were to find the choice of forum provision contained in our amended restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial conditions. You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise. We have approximately ~~223~~ **226** million shares of common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock, options and other equity awards relating to common stock for the consideration and on the terms and conditions established by our ~~board~~ **Board** of ~~directors~~ **Directors** in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved shares for issuance under our New Academy Holding Company, LLC 2011 Unit Incentive Plan (the" 2011 Equity Plan"), our 2020 Omnibus Incentive Plan (the" 2020 Equity Plan"), and our 2020 Employee Stock Purchase Plan (the" ESPP"). Any common stock that we issue, including under our 2011 Equity Plan, 2020 Equity Plan, ESPP or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering. In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then- outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you. ~~39~~