Risk Factors Comparison 2024-03-22 to 2023-03-17 Form: 10-K

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We caution that any forward- looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this report or made by our Company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward- looking statements. Words such as " estimate, " " project, " " plan, " " believe, " " expect, " " anticipate, " " intend, " " planned, " " potential, " ~~"~~ **"** target, ~~""~~ **" "** goal ~~"~~ **"** and any similar expressions may identify forward- looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward- looking statements included in this report or otherwise made by ~~our~~ **the** Company or our management: • general economic conditions, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events; • the seasonality of our business ~~; • the anticipated benefits from the Victoria' s Secret & Co. spin- off may not be realized; • the spin- off of Victoria' s Secret & Co. may not be tax- free for U. S. federal income tax purposes; • our dependence on Victoria' s Secret & Co. for information technology services and the transition of such services to our own information technology systems or to those of third- party technology service providers~~ ; • our ability to attract, develop and retain qualified associates and manage labor- related costs; • difficulties arising from turnover in Company leadership or other key positions; • the dependence on store traffic and the availability of suitable store locations on appropriate terms; • our continued growth in part through new store openings and existing store remodels and expansions; • our ability to successfully operate and expand internationally and related risks; • our independent franchise, license ~~and~~ **,** wholesale **and other distribution- related** partners; • our direct channel business; • our ability to protect our reputation and our brand image; • our ability to ~~successfully complete environmental, social and governance initiatives, and associated costs thereof; • our ability to successfully achieve expected annual cost savings in connection with our profit optimization efforts to reduce expenses and improve operating efficiency in the business; • our ability to~~ attract customers with marketing, advertising ~~and~~ **,** promotional programs **and our loyalty program** ; • our ability to maintain, enforce and protect our trade names, trademarks and patents; • the highly competitive nature of the retail industry and the segments in which we operate; • consumer acceptance of our products and our ability to manage the life cycle of our brand, develop new merchandise and launch **and expand** new product lines successfully; • our ability to source, distribute and sell goods and materials on a global basis, including risks related to: ~~◦~~ **▪** political instability, wars and other armed conflicts, environmental hazards or natural disasters; ~~◦~~ **▪** significant health hazards or pandemics, ~~such as the COVID- 19 pandemic,~~ which could result in closed factories and / or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas; ~~◦~~ **▪** duties, taxes and other charges; ~~◦~~ **▪** legal and regulatory matters; ~~◦~~ **▪** volatility in currency exchange rates; ~~◦~~ **▪** local business practices and political issues; ~~◦~~ **▪** delays or disruptions in shipping and transportation and related pricing impacts; ~~◦~~ **▪** disruption due to labor disputes; ~~and ◦~~ **or ▪** changing expectations regarding product safety due to new legislation; • our **ability to successfully complete environmental, social and governance initiatives, and associated costs thereof; • the** geographic concentration of ~~vendor~~ **third- party manufacturing facilities** and **our** distribution facilities in central Ohio; • our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs; • the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations **; • the spin- off of Victoria' s Secret may not be tax- free for U. S. federal income tax purposes** ; • fluctuations in foreign currency exchange rates; • fluctuations in product input costs; • fluctuations in energy costs; • our ability to adequately protect our assets from loss and theft; • ~~increases in the costs of mailing, paper, printing or other order fulfillment logistics; •~~ claims arising from our self- insurance; • our and our third- party service providers' ~~, including Victoria' s Secret & Co. during the term of the Transition Services Agreement between us and Victoria' s Secret & Co.,~~ ability to implement and maintain information technology systems and to protect associated data; • our ability to maintain the security of customer, associate, third- party and Company information; • stock price volatility; • our ability to pay dividends and make share repurchases under share repurchase authorizations; • shareholder activism matters; • our ability to maintain our credit ratings; • our ability to service or refinance our debt and maintain compliance with our restrictive covenants; • ~~the impact of the transition from London Interbank Offered Rate (" LIBOR") and our ability to adequately manage such transition; •~~ our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security; • our ability to comply with regulatory requirements; • legal and compliance matters; and • tax, trade and other regulatory matters. We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward- looking statements contained in this report to reflect circumstances existing after the date of this report or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward- looking statements will not be realized. The following discussion of risk factors contains " forward- looking statements. " These risk factors may be important to understanding any statement in this Annual Report on Form 10- K, other filings or in any other discussions of our business. The following information should be read in conjunction with Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operation and Item 8. Financial Statements and Supplementary Data. In addition to the other information set forth in this report, the reader should carefully consider the following factors which could materially affect our business, results of operations, financial condition or cash flows. The risks described below are not our only risks. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also adversely affect our business, results of operations, financial condition and / or cash flows in a material way. Risks related to our business: Our net sales, ~~profit~~ results **of operations** and cash flows are sensitive to, have been affected by and may in the future be further impacted by, general economic conditions, inflation, consumer confidence, ~~customer~~ **consumer** spending patterns, significant health hazards or pandemics, weather or other market disruptions. Our net sales, ~~profit~~ **results of operations** , cash flows and future growth may be affected by ~~negative~~ local, regional, national or international political or economic trends or developments that **can** reduce consumers' ability or willingness to spend **or alter consumer behavior and spending patterns** . These ~~risks~~ **trends and developments** , which can vary substantially by country, include political, financial or social instability or conditions, geopolitical events, corruption, anti- American sentiment, social and ethnic unrest, military conflicts and terrorism, as well as changes in general economic conditions (including unemployment levels, inflation and ~~the recent~~ market volatility ~~and instability in the banking sector~~). For example, **during 2022 and 2023,** the **global** ~~U. S.~~ economy **was** ~~is being~~ negatively impacted by high inflation rates, which **has resulted in higher prices that** have negatively impacted and may continue to negatively impact consumer demand. In addition, market disruptions due to natural disasters, significant health hazards or pandemics ~~, including the COVID- 19 pandemic,~~ or other major events or the prospect of these events could also impact **or shift** consumer spending and **sentiment** ~~confidence levels~~ . Extreme weather conditions in the areas in which our stores are located, particularly in markets where we have multiple stores, or in the **central** ~~Columbus,~~ Ohio region where most of our **third- party manufacturers and our** distribution centers are located, **have adversely affected and** could **in the future** adversely affect our business. During periods when economic or market conditions are unsettled or weak, **including during fiscal 2023,** purchases of our products have declined, and may in the future **further** decline. In such circumstances, we have increased, and may in the future continue to increase, the number of promotional sales ~~,~~ which, when combined with inflationary cost pressures, have negatively affected our merchandise margin rates and, in the future, could have a material adverse effect on our results of operations, financial condition and cash flows. Our net sales, operating income, cash and inventory levels fluctuate on a seasonal basis. We experience major seasonal fluctuations in our net sales and operating income, with a significant portion of our operating income **and cash flows** typically realized during the fourth quarter holiday season. Any decrease in sales or margins during this period could have a material adverse effect on our results of operations, financial condition and cash flows. Seasonal fluctuations also affect our cash and inventory levels, since we usually order merchandise in advance of peak selling periods and sometimes before new trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before the holiday season selling period. If we are not successful in selling inventory, we may have to sell the inventory at significantly reduced prices or may not be able to sell the inventory at all, which could have a material adverse effect on our results of operations, financial condition and cash flows. We may not realize the anticipated benefits from the...... condition and cash flows. We may be impacted by our ability to attract, develop and retain qualified associates and manage labor- related costs. We believe one of our competitive advantages is providing positive, engaging and satisfying experiences for our customers, which requires us to have highly trained, engaged and diverse associates. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified associates, including **, but not limited to,** store personnel **,** ~~and talented~~ merchants **, designers and associates in our distribution and fulfillment centers** . The turnover rate in the retail industry is generally high, and qualified individuals of the requisite caliber and number needed to fill these positions ~~may be~~ **have been** in short supply in some areas. Competition for such qualified individuals ~~or~~ **and** changes in labor and healthcare laws ~~could require~~ **have caused** us to incur higher labor costs **, and such increases in labor costs could continue in the future** . Our inability to recruit a sufficient number of qualified individuals in the future may **, among other things,** delay planned openings of new stores ~~or~~ **,** affect the speed with which we expand **, or negatively impact our ability to timely and efficiently fulfill orders, to develop new merchandise and to launch new product lines** . Delayed store openings, significant increases in associate turnover rates or significant increases in labor- related costs could have a material adverse effect on our results of operations, financial condition and cash flows. In recent years, multiple retailers have faced unionization campaigns from their workers. If we are subject to a unionization campaign from our associates, we would incur significant expenses in the form of legal and consulting fees and potentially be subject to negative publicity that could significantly disrupt our operations and have an adverse effect on our results of operations, financial condition and cash flows. An increase in the costs of associate wages, benefits and insurance (including workers' compensation, general liability, property and health) **has adversely affected, and** could **continue to** adversely affect **,** our operating results. In particular, labor shortages and the current competitive labor market have increased competition for qualified associates, which has compelled, and may continue to compel, us to pay higher wages to attract or retain qualified associates. Such increases in costs may result from general economic or competitive conditions or from government imposition of higher minimum wages at the federal, state or local level, including in connection with the increases in state minimum wages that have ~~recently~~ been enacted by various states. Moreover, there may be a long- term trend toward higher wages in developing markets. Any increase in such operating expenses could have a material adverse effect on our results of operations, financial condition and cash flows. Turnover in Company leadership or other key positions, and our ability to attract and retain new talent, may have an adverse impact on Company performance. We may experience changes in key leadership or key positions in the future. The departure of key ~~leadership~~ personnel can result in the loss of significant knowledge and experience. This loss of knowledge and experience can be mitigated through successful **internal succession planning or external** hiring and transition, but there can be no assurance that we will be successful in such efforts. Attracting and retaining qualified senior leadership may be more challenging under adverse business conditions. Failure to attract and retain the right talent or to smoothly manage the transition of responsibilities resulting from such turnover could affect our ability to meet our ~~challenges~~ **goals** and may cause us to miss performance objectives or financial targets or disrupt our relationships with our customers, vendors or other third parties. Our net sales depend on a volume of traffic to our stores and the availability of suitable lease space. ~~Most~~ **More than half** of our stores are located in **off- mall** retail shopping areas ~~including~~ **with the remainder located in** malls and other types of retail centers. Sales at these stores are derived, in part, from the volume of consumer traffic in those retail areas. Our stores benefit from the ability of the retail center and other attractions in an area, including " destination " retail stores, to generate consumer traffic in the vicinity of our stores. Sales volume and retail traffic may be adversely affected by factors that we cannot control, such as economic downturns, including due to inflationary pressures, or changes in consumer demographics in a particular area, consumer trends away from brick- and- mortar retail toward online shopping, competition from internet and other retailers and other retail areas where we do not have stores, significant health hazards or pandemics, the closing of other stores or the decline in popularity or safety in the shopping areas where our stores are located and the deterioration in the financial condition of the operators or developers of the shopping areas in which our stores are located. Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. We cannot be sure as to when or whether such desirable locations will become available at reasonable costs. Additionally, we are dependent upon the suitability of the lease spaces that we currently use. The leases that we enter into are generally noncancelable leases with initial terms of ~~10~~ **ten** years. If we determine that it is no longer economical to operate a store and decide to close it, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. These risks could have a material adverse effect on our ability to grow and our results of operations, financial condition and cash flows. Our continued growth and success depends in part on new store openings and existing store remodels and expansions. Our continued growth and success depends in part on our ability to open and operate new, primarily off- mall stores and expand and remodel existing stores on a timely and profitable basis. Accomplishing our new and existing store expansion goals will depend upon a number of factors, including the ability to partner with developers and landlords to obtain suitable sites for new and expanded stores at acceptable costs and on acceptable timelines, the hiring and training of qualified personnel and the integration of new stores into existing operations. There can be no assurance we will be able to achieve our store expansion goals, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, remodeled and expanded stores profitably. These risks could have a material adverse effect on our ability to grow and results of operations, financial condition and cash flows. Our international operations and our plans for international expansion include risks that could impact our results and reputation. We intend to continue to operate internationally and further expand **in our existing markets and** into **new** international markets, including through **franchise and other distribution- related** partner arrangements. The risks associated with international markets include, among others, difficulties in attracting customers due to a lack of customer familiarity with our brand, our **ability to comply with international laws and regulations, our** lack of familiarity with local customer preferences, cultures or religious norms and seasonal differences in the international markets. Any of these difficulties may lead to disruption in the overall timing of our international expansion efforts **, lower sales than we anticipate** and increased costs. Further, entry into other markets may bring us into competition with new competitors or with existing competitors with an established market presence in such markets. Other risks include general economic conditions in specific countries or markets, reliance on franchise **partners, service providers** and other **distribution- related** partners that we do not control, volatility in the geopolitical landscape **(including social and ethnic unrest, military conflicts and terrorism), anti- American sentiment, foreign governmental regulation and enforcement (including the risks of operating in markets in which there are uncertainties regarding the interpretation and enforceability of legal requirements and the enforceability of contract rights and intellectual property rights), legal actions, disruptions or delays in shipments** , restrictions on the repatriation of funds held internationally, ~~disruptions or delays in shipments,~~ occurrence of significant health hazards or pandemics, changes in diplomatic and trade relationships ~~,~~ **and** political instability **. For example, the conflict in the Middle East has resulted in unpredictable conditions in the region** and ~~foreign governmental~~ **around the world. The conflict has affected, and may continue to affect, our business and operations as a result of, among other things, the economic consequences and disruptions from such conflict, supply chain availability, consumer boycotts of Western brands, and consumer** ~~regulation~~ --- **reaction to perceived acts or failures to act by us or our franchise partners including commencing and / or maintaining operations in countries or regions that are linked to such conflicts** . Such expansions will also have upfront investment costs **, some of which may be significant,** that may not be accompanied by sufficient revenues to achieve expected operational and financial performance. Further, our results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates. See " Fluctuations in foreign currency exchange rates could impact our **results of operations,** financial condition and **cash flows** ~~results of operations~~ " below. ~~These~~ **All of the above** risks could have a material adverse effect on our results of operations, financial condition and cash flows. Our licensees, franchisees ~~and~~ **,** wholesalers **and other distribution- related partners** could take actions that could harm our business or brand images. We have global ~~representation~~ **brand exposure** through digital sites and stores independently owned and / or operated by our franchise **partners and other distribution- related** partners. Although we have criteria to evaluate and select prospective partners, the level of control we can exercise over our partners is limited, and the quality and success of their operations may be diminished by any number of factors beyond our control. For example, our partners may not have the business acumen or financial resources necessary to successfully operate stores in a manner consistent with our standards and may not hire and train qualified store managers and other personnel. Further, we **primarily rely on** ~~have no control as to whether~~ our partners **to** comply with applicable laws and regulations in the international markets in which they operate. Our brand image and reputation may suffer materially, and our sales could decline, if our partners do not operate successfully **, including operating in compliance with applicable laws and regulations** . These risks could have an adverse effect on our results of operations, financial condition and cash flows. Our direct channel business includes risks that could have a material adverse effect on our results. Our direct channel (also referred to as digital or e- commerce) is subject to numerous risks that could have a material adverse effect on our results of operations, financial condition and cash flows. Such risks include, but are not limited to, the difficulty in recreating the in- store experience through our direct channels; domestic or international **large scale buyers and** resellers purchasing merchandise and reselling it outside our control; our ability to anticipate and implement innovations in technology and logistics in order to appeal to existing and potential customers who increasingly rely on multiple channels to meet their shopping needs; **legal and regulatory developments associated with digital, data, analytics, communications and ad- targeting practices (including, without limitation, the use of technologies and third- party services to personalize customer experiences); risks associated with increases in order fulfillment logistics costs;** and the failure of and risks related to the ~~systems~~ **resources** that **underlay and support the** ~~operate~~ **operation of** our and our third- party partners ~~'~~ **’** web infrastructure, websites and the related support systems, including computer viruses, malware (including, without limitation, ransomware), unauthorized access to and theft of customer information, privacy violations, **fraudulent branded phishing sites impersonating our direct channel, ad scams causing customer confusion,** information technology and vendor system failures, ~~electronic break- ins~~ **deepfakes and other malicious uses of artificial intelligence** , disruption of critical services caused by ~~security threats~~ - **threat actors** and similar disruptions. Our failure to maintain efficient and uninterrupted order- taking and fulfillment operations could also have a material adverse effect on our results of operations, financial condition and cash flows. We utilize third- party service providers for order management and for a majority of our fulfillment services. If these third- party service providers do not maintain efficient and uninterrupted service, we have experienced, and may in the future experience, merchandise delivery delays, loss of sales, stranded inventory, cancellation charges or excessive promotional activity to clear inventory. Further, we may have difficulty replacing these third- party service providers and there can be no assurance we can do so in a timely manner or on terms favorable to us. The satisfaction of our direct channel customers depends on their timely receipt of merchandise. If we encounter difficulties with the distribution **and fulfillment** facilities, or if the facilities were to shut down for any reason, including as a result of a pandemic, fire, natural disaster or work stoppage, we could face shortages of inventory; we could incur significantly higher costs and longer lead times associated with distributing our products to our customers; we could face ~~regulatory~~ scrutiny **by regulators and litigants** ; and our ~~customer~~ **customers** may be dissatisfied. Any of these issues could have a material adverse effect on our results of operations, financial condition and cash flows. Our ability to protect our reputation could have a material adverse effect on our brand image. Our ability to maintain our reputation is critical to our brand image. Our reputation could be jeopardized if we fail to maintain high standards for ~~store and~~ merchandise quality and integrity **of the consumer’ s experience in stores and online. If third parties with which we have a business relationship, including our influencer network, fail to represent our brand in a manner consistent with our brand image, it could harm our reputation** . Any negative publicity, including information publicized through traditional or social media platforms and similar venues such as **websites,** blogs ~~, websites~~ and other forums, may affect our reputation and brand and, consequently, reduce demand for our merchandise **and negatively impact our reputation** , even if such publicity is unverified or inaccurate. Failure to comply with or the perception that **we have** ~~the Company has~~ failed to comply with ethical, social, product, labor, privacy, systems and data security and environmental standards, or related political considerations **, or that we have failed to ensure the safety of our stores and products** , could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with applicable laws and regulations, to maintain an effective system of internal controls, to maintain the security of customer, associate, third- party and company information or to provide accurate and timely financial statement information could also hurt our reputation. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation. Our ability, or perceived inability,...... the anticipated benefits of these efforts. If our marketing, advertising ~~and~~ **,** promotional programs **or loyalty program** are unsuccessful, or if our competitors are more effective with their programs than we are, our results of operations, financial condition and cash flows may be adversely affected. Customer traffic and demand for our merchandise are influenced by our advertising, marketing and promotional activities, the **effectiveness of our loyalty program, the** name recognition and reputation of our brand and the location of and service offered in our stores and through our direct business. Although we use marketing, advertising and promotional programs **and our loyalty program** to attract customers through various media, including social media, websites, mobile applications, email and print **, and we continue to invest to improve the online and mobile user experience for our customers** , some of our competitors may expend more for their programs than we do or use different **or more efficient** approaches than we do, which may provide them with a competitive advantage **. Our financial forecasts are dependent on our marketing, advertising and promotional programs and our loyalty program enhancements driving customer acquisition and stronger customer retention** . Our programs may not be effective or could require increased expenditures, which could have a material adverse effect on our results of operations, financial condition and cash flows. Our ability to adequately maintain, enforce and protect our trade names, trademarks and patents could have an impact on our brand image and ability to penetrate new markets. We believe that our trade names, trademarks and patents are important assets and an essential element of our strategy. We have obtained or applied for federal registration of these trade names, trademarks and patents and have applied for or obtained registrations in many foreign countries. There can be no assurance that we will obtain such applied for registrations or that the registrations we obtain will prevent the imitation of our products or infringement or other violation of our intellectual property rights by others. In particular, the laws of certain foreign countries may not protect proprietary rights to the same extent as the laws of the U. S. If any third party copies our products, our or our partners' websites or our or our partners' stores in a manner that projects lesser quality or carries a negative connotation, it could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows. Third parties may assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks, or claim that we are infringing, misappropriating or otherwise violating their intellectual property rights. We may be unable to successfully resolve these types of conflicts to our satisfaction and may be required to enter into costly license agreements, be required to pay significant royalties, settlement costs or damages, be required to rebrand our products and / or be prevented from selling some of our products. Our ability to compete favorably in our highly competitive segments of the retail industry could impact our results of operations, financial condition and cash flows. The retail industry is highly competitive. We compete for sales with a broad range of other retailers, including individual and chain specialty stores, department stores and discount retailers. In addition to the traditional store- based retailers, we also compete with direct marketers or retailers that sell similar lines of merchandise and who target customers through online channels. Brand image, marketing, design, price, service, assortment, quality, **innovation,** image presentation and fulfillment are all competitive factors in both the store- based and online channels. Some of our competitors may have greater financial, marketing and other resources available and trends across our product categories may favor our competitors. We rely to a greater degree than some of our competitors on physical locations in retail centers. Therefore, declines in traffic to such locations may affect us more significantly than our competitors. Some of our competitors sell their products in stores that are located in the same retail centers as our stores. In addition to competing for sales, we compete for favorable site locations and lease terms in retail centers. Increased competition, combined with declines in store and / or direct channel traffic, could result in price reductions, increased marketing expenditures and loss of pricing power and market share, any of which could have a material adverse effect on our results of operations, financial condition and cash flows. Our ability to manage the life cycles of our brand and to remain current with trends and launch **and expand** new product lines successfully could impact the image and relevance of our brand. Our success depends in part on management' s ability to effectively manage the life cycles of our brand, to anticipate and respond to changing preferences and consumer demands and to translate market trends into appropriate, saleable product offerings in advance of the actual time of sale to the customer. We are dependent on certain product categories, and ~~a decline~~ **declines** in customer demand in these product categories ~~could~~ **has** negatively ~~impact~~ **impacted** our results of operations, financial condition and cash flows **. Our financial forecasts are dependent on our ability to drive growth through adjacent product categories, including men' s, fragrant haircare, laundry and lip** . Customer demands and trends change rapidly. If we are unable to successfully anticipate, identify or react to changing preferences or trends ~~or~~ **,** we misjudge the market for our products or any new product lines, ~~our~~ - **or** ~~sales will~~ **our launches or expansions of new product lines are unsuccessful, we may not** be ~~lower, potentially resulting~~ **able to achieve the growth** in ~~significant amounts of unsold inventory~~ **our business that we currently anticipate** . In response, we may be forced to increase our marketing promotions or price markdowns and potentially discontinue a product line. These risks could have a material adverse effect on our brand image and reputation as well as our results of operations, financial condition and cash flows. We may be impacted by our ability to adequately source, distribute and sell merchandise and other materials on a global basis. We source merchandise and other materials directly in domestic and international markets. We distribute merchandise and other materials globally to our **franchise and other distribution- related** partners in international locations and to our stores. Many of our imports and exports are subject to a variety of customs regulations and international trade arrangements, including existing or potential duties, tariffs or safeguard quotas. We also compete with other companies for ~~production~~ **manufacturing** facilities. We also face a variety of other risks generally associated with doing business on a global basis. For example: • political instability, geopolitical conflict, including the war between Russia and Ukraine **and the conflict in the Middle East** , environmental hazards or natural disasters **,** which could negatively affect international economies, financial markets and business activity; • significant health hazards or pandemics, ~~including the COVID- 19 pandemic,~~ which could result in closed factories, distribution **and fulfillment** centers and / or stores, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in ~~infected~~ **impacted** areas; • imposition of new or retaliatory trade duties, sanctions or taxes and other charges on imports or exports; • evolving, new or complex legal and regulatory matters; • volatility in currency exchange rates; • local business ~~practice~~ **practices** and political issues (including issues relating to compliance with domestic or international labor standards) **and anti- American sentiment,** which may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts; • delays or disruptions in shipping and transportation and related pricing impacts; • disruption due to labor disputes; and • changing expectations regarding product safety due to new ~~legislation~~ **laws or regulations** or other factors. Certain goods that we import are sourced from third- party suppliers in China. Our ability to successfully import such materials may be adversely affected by changes in U. S. **and Canadian** laws. For example, in December 2021, the U. S. Congress passed the Uyghur Forced Labor Prevention Act (" UFLPA "), which imposed a presumptive ban on the import of goods to the U. S. that are made, wholly or in part, in the Xinjiang Uyghur Autonomous Region of China (" XUAR ") or by persons that participate in certain programs in the XUAR that entail the use of forced labor. U. S. Customs and Border Protection (" CBP ") has published both a list of entities that are known to utilize forced labor, and a list of commodities that are most at risk, such as **polyl- vinyl chloride,** cotton, tomatoes and silica- based products. Although none of our Chinese suppliers are located in the XUAR, we do not currently have full visibility to the entirety of each supplier' s separate **sub- tier** supply chains to be able to ensure that the raw materials or other inputs they use to manufacture their goods are not produced in the XUAR. As a result of the UFLPA, materials we import into the U. S. could be held by the CBP based on a suspicion that inputs used in such materials originated from the XUAR or that they may have been produced by Chinese suppliers accused of participating in forced labor, pending our providing satisfactory evidence to the contrary. Among other consequences, such an outcome could result in negative publicity that harms our brand and reputation and could result in a delay or complete inability to import such materials, which could result in inventory shortages and ~~greater~~ **an increase in** supply chain compliance costs. We also rely upon third- party transportation providers for substantially all of our product shipments, including shipments to and from our distribution centers, to our stores and **fulfillment centers, and** to our customers. Our utilization of these delivery services for shipments is subject to risks, including increases in labor costs and fuel prices, which would increase our shipping costs, and associate strikes and inclement weather, which may impact our transportation providers' ability to provide delivery services that adequately meet our shipping needs. ~~Further~~ **Our ability** , ~~the rapid increase in demand for~~ - **or perceived inability,** ~~online shopping has led~~ to ~~increased pressure~~ **complete environmental, social and governance (" ESG ") initiatives may have a material adverse effect** on **our reputation. Investors,** ~~the~~ **other**

stakeholders ~~capacity of our fulfillment network. The COVID- 19 pandemic has negatively impacted the global economy~~ , ~~disrupted consumer spending~~ **the general public** and **U** ~~global supply chains and created significant volatility of financial markets~~ . ~~The COVID- 19 pandemic continues to~~ **S. and foreign governmental and nongovernmental organizations** have ~~the potential~~ **been focused on ESG initiatives, including with respect** to ~~significantly impact our~~ **climate change, greenhouse gas emissions, packaging and waste, diversity, equity and inclusion, worker pay and benefits, human rights, sustainable** supply chain ~~chain~~ practices,animal health and welfare,deforestation and land,energy and water use. **We** ~~As part of our ongoing efforts,we~~ maintain an ESG function to provide direction and coordinate ESG work throughout the Company.We anticipate increased public,regulatory ~~and~~ **,** investor **and other stakeholder** pressure to expand our disclosures in these areas,make further commitments,set additional targets or establish additional goals and take actions to meet them,which could expose us to market,operational,regulatory,legal and execution costs or risks.The metrics we disclose,whether they are based on the standards we set for ourselves or those set by others,may influence our reputation and the value of our brand.Our failure to achieve progress on our metrics and successfully achieve our targets and goals on a timely basis,or at all,could adversely affect our business,financial performance and growth.By electing to set and share publicly these metrics,targets and goals and expand upon our disclosures,our business may also face increased scrutiny related to ESG activities **and potentially enforcement actions and litigation** .As a result,we could damage our reputation and the value of our brand ~~if~~ if **we fail to act responsibly. Any harm to our reputation resulting from setting** ~~the~~ **these** ~~factories that manufacture~~ **metrics, targets and goals or expanding our disclosure or our failure, or perceived failure, to meet such metrics, targets and goals could adversely affect our business, financial performance and growth. We could also be affected by the physical effects of climate change and other environmental issues, to the extent such issues adversely affect the general economy, adversely impact our supply chain or our stores or increase the costs of** our products ~~,~~ **and** ~~the~~ **other supplies needed** ~~distribution centers where we manage our inventory, or~~ **for** ~~the~~ **our** operations ~~of our logistics and other service providers are disrupted, are temporarily closed or experience worker shortages. For instance, the COVID- 19 pandemic previously caused, and may in the future cause, vessel, container and other transportation shortages, labor shortages and port congestion globally, which delayed, and may in the future delay, inventory orders and, in turn, deliveries to our customers and availability in our or our partners' stores and e- commerce sites. Further, disruptions or delays in shipments may have negative impacts to pricing of certain components of our products~~ . In addition, **future domestic and international legislative and regulatory efforts to combat climate change or** ~~the~~ **other environmental** ~~impact of COVID- 19 on macroeconomic conditions~~ **considerations** ~~may impact~~ **could result in increased regulation and additional taxes and** ~~the~~ **other** ~~proper functioning of~~ **expenses in a manner that adversely affects our business,** financial **performance** and **growth** ~~capital markets, foreign currency exchange rates, commodity prices and interest rates~~ . We rely on a number of ~~vendor~~ **manufacturing** and distribution facilities located in the same vicinity, making our business susceptible to local and regional disruptions or adverse conditions. To achieve the necessary speed and agility in ~~producing~~ **supply of** our ~~products~~ **inventory** , we rely heavily on ~~vendor~~ **third- party manufacturing facilities** and **our** distribution facilities in close proximity to our headquarters in ~~Central~~ **central** Ohio. As a result of **the** geographic concentration of many of the ~~vendor~~ **manufacturing** and distribution facilities that we rely upon, our operations are susceptible to local and regional factors, such as accidents, system failures, economic and weather conditions, natural disasters, demographic and population changes and other unforeseen events and circumstances. Any significant interruption in the operations of these facilities could lead to inventory issues, increased costs or interruptions to our operations, which could have a material adverse effect on our results of operations, financial condition and cash flows. A change in the relationship with our key vendors could have a material effect on our business. We rely on a limited number of vendors **(including manufacturers)** to ~~support~~ **supply** our inventory ~~purchasing needs~~ . In ~~2022~~ **2023** , our largest vendor supplied approximately ~~13~~ **15** % of our total merchandise purchases **(on a dollar basis)** and our largest five vendors **in the aggregate** supplied approximately ~~38~~ **40** % of our total merchandise purchases **(** on a ~~combined~~ **dollar** basis **)** . Our business depends on developing and maintaining close relationships with our vendors and on our vendors' ability or willingness to sell quality products to us at ~~favorable~~ **competitive** prices and on other favorable terms. Many factors outside of our control may ~~harm~~ **impact** these relationships and the ability or willingness of these vendors to sell us products on favorable terms. For example, financial or operational difficulties that our vendors may face could increase the cost of the products we purchase from them or our ability to source products from them. We may be impacted by our vendors' ability to manufacture and deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations. We purchase products from third- party vendors. Factors outside our control, such as production issues, shipping delays, quality problems **, geopolitical conflicts and wars, outbreaks of disease such as the COVID- 19 pandemic,** or natural disasters, could disrupt merchandise deliveries and result in lost sales, cancellation charges or excessive markdowns. In addition, quality problems could result in product liability judgments or widespread product recalls that may negatively impact our sales and profitability for a period of time depending on product availability, reaction of competitors and consumer attitudes. Even if product liability claims are unsuccessful or are not fully pursued, the negative publicity surrounding any assertions could adversely impact our reputation with existing and potential customers and our brand image. Our business could also suffer if our third- party vendors fail to comply with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our associates and third- party compliance auditors visit and monitor the operations of our third- party vendors, we do not control these vendors or their practices. Violations of labor, environmental or other laws by third- party vendors used by us or the divergence of a third- party vendor' s or partner' s labor or environmental practices from those generally accepted as ethical or appropriate could interrupt or otherwise disrupt the shipment of finished products to us or damage our reputation **.These risks** ~~Separation,or if such benefits are delayed,our business~~ could ~~be harmed~~ **have a material adverse effect on our results of operations,financial condition and cash flows** .The ~~Separation~~ **spin- off of Victoria' s Secret** could result in substantial tax liability to us and our stockholders.We received an opinion of counsel to the effect that,for U.S.federal income tax purposes,the spin- off and certain related transactions qualify for tax- free treatment under certain sections of the Internal Revenue Code.However,the opinion relies on certain assumptions,representations and undertakings,including those relating to the past and future conduct of our business,and the opinion would not be valid if such assumptions,representations and undertakings were incorrect.Furthermore,the opinion is not binding on the Internal Revenue Service (~~"~~**“**IRS ~~"~~**”**) or the courts.If,notwithstanding receipt of the opinion,the spin- off or certain related transactions are determined to be taxable,we would be subject to a substantial tax liability.In addition,if the spin- off is taxable,each holder of our common stock who received shares of Victoria ~~'~~**’** s Secret ~~& Co.~~ common stock in connection with the spin- off would generally be treated as receiving a taxable dividend in an amount equal to the fair market value of the shares received.Even if the spin- off otherwise qualifies as a tax- free transaction,the distribution would be taxable to us (but not to our stockholders) in certain circumstances if future significant acquisitions of our stock or the stock of Victoria ~~'~~**’** s Secret ~~& Co.~~ are determined to be part of a plan or series of related transactions that included the spin- off.In this event,the resulting tax liability could be substantial.In connection with the spin- off,we entered into a Tax Matters Agreement with Victoria ~~'~~**’** s Secret ~~& Co.~~ ,pursuant to which Victoria ~~'~~**’** s Secret ~~& Co.~~ agreed to not enter into any transaction that could cause the spin- off or any related transactions to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction.In addition,these potential tax liabilities may discourage,delay or prevent a change of control of us ~~.~~ . Fluctuations in foreign currency exchange rates could impact our results of operations, financial condition and cash flows. We are exposed to foreign currency exchange rate risk with respect to our sales, profits, assets and liabilities denominated in currencies other than the U. S. dollar. In addition, our royalty arrangements are calculated based on sales in local currency and, as such, we are exposed to foreign currency exchange rate fluctuations. Although we use foreign currency forward contracts to hedge certain foreign currency risks, these measures may not succeed in offsetting all of the short- term negative impacts of foreign currency rate movements on our business and results of operations, financial condition and cash flows. Hedging would generally not be effective in offsetting the long- term impact of sustained shifts in foreign exchange rates on our business results. As a result, the fluctuation in the value of the U. S. dollar against other currencies could have a material adverse effect on our results of operations, financial condition and cash flows. Our results may be affected by fluctuations in product input costs. Product input costs, including freight, labor and raw materials, fluctuate subject to price volatility caused by any fluctuation in aggregate supply and demand or other external conditions, such as inflationary conditions, weather and climate conditions, geopolitical conflicts and wars, energy costs, natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, labor shortages, transportation issues, fuel costs, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. These factors may result in an increase in our product input costs. We may not be able to, or may elect not to, fully pass these increases on to our customers which may adversely impact our profit margins. These risks could have a material adverse effect on our results of operations, financial condition and cash flows. Our results may be affected by fluctuations in energy costs. Energy costs have fluctuated in the past and may fluctuate in the future due to changes in factors beyond our control, such as weather and climate conditions or natural events or disasters, taxes and tariffs (including as a result of trade disputes), industry demand, high demand for renewable energy, inflationary conditions, labor shortages, transportation issues, fuel costs, geopolitical conflicts and wars, governmental regulation and other factors. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail stores, distribution **and fulfillment** centers and other Company locations and costs to purchase products from ~~our~~ **third- party** manufacturers. A continual rise in energy costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have a material adverse effect on our results of operations, financial condition and cash flows. Our results may be impacted by our ability to adequately protect our assets from loss and theft. Our assets are subject to loss, including those caused by illegal or unethical conduct by associates, customers, vendors, partners or unaffiliated third parties **(including from organized retail crime)** . We experience events that cause inventory shrinkage **. Our inventory shrinkage rates have increased in recent years and may continue to increase** , and we cannot assure that incidences of loss and theft will decrease in the future or that the measures we are taking will effectively reduce these losses. Higher rates of loss or increased security costs to combat theft ~~could have a material adverse effect on our results of operations, financial condition and cash flows. We may be impacted by increases in the cost of mailing, paper, printing or other order fulfillment logistics. Postal rate increases and paper and printing costs will affect the cost of our order fulfillment and promotional mailings. We rely on discounts from the basic postal rate structure, such as discounts for bulk mailings and sorting. Future paper and postal rate increases could adversely impact our earnings if we are unable to recover these costs or if we are unable to implement more efficient printing, mailing, delivery and order fulfillment systems. We may face unexpected costs in transportation, warehousing or other logistics- related services. These risks~~ could have a material adverse effect on our results of operations, financial condition and cash flows. We self- insure certain risks and may be impacted by unfavorable claims experience. We are self- insured for various types of insurable risks including associate medical benefits, workers’ compensation, property, general liability and automobile, up to certain stop- loss limits. Claims are difficult to predict and may be volatile. Any adverse claims experience could have a material adverse effect on our results of operations, financial condition and cash flows. We **have undertaken a multi- year initiative to upgrade our digital and information technology systems and capabilities. We** significantly rely on our **,** and our third- party service providers **’** ~~',~~ ~~including Victoria' s Secret & Co.~~ , ability to **successfully** implement **, upgrade** and sustain information technology systems and to protect associated data and system availability. ~~Our success depends,~~ **Following the substantial completion of our information technology separation from Victoria’ s Secret** in ~~part~~ **the second quarter of 2023** , ~~on~~ **we have undertaken the IT Transformation Project, a multi- year project to significantly upgrade our digital and information technology systems and capabilities to, among** ~~the~~ **other things, advance** ~~secure and uninterrupted performance of~~ our **data analytics capabilities, enhance our in- store** and **online customer experience, enable us to more effectively personalize our marketing, shopping and promotional experiences, enhance the security of and otherwise reduce risks associated with**

our IT systems, streamline our information technology operations and enable us to work more efficiently. We, together with our third- party service providers ~~'~~ and vendors ~~'~~**, maintain a complex ecosystem of information technology systems and environments that will be impacted by the IT Transformation Project. As with any significant information technology upgrade, the IT Transformation Project increases the risk of interruption of service, data loss and vulnerabilities, corruption of data, breach, failure of information technology systems to effectively communicate and other disruptions to our operations. Moreover, the IT Transformation Project could result in expenses and capital expenditures that substantially exceed the expenses and capital expenditures that we currently anticipate. The success of our business depends, in part, on the secure and uninterrupted performance of our, and our third- party service providers' and vendors',** information technology systems. Our information technology systems, as well as those of our service providers and vendors, are vulnerable to damage, interruption, service availability or breach from a variety of sources, including cyberattacks, ransomware attacks **, deepfakes and other malicious uses of artificial intelligence** , telecommunication failures, malicious human acts and natural disasters. Moreover, despite maintaining comprehensive measures, some of our systems, e-commerce environments and servers and those of our service providers and vendors are potentially vulnerable to physical or electronic break- ins, malware (including, without limitation, ransomware), computer viruses and similar disruptive problems. Such incidents have disrupted, and could in the future further disrupt, our operations (whether directly or due to disruptions of our service providers' and vendors' operations) including our ability to timely ship and track product orders and project inventory requirements and lead to interruptions or delays in our supply chain. Additionally, these types of problems could result in an actual or perceived breach of confidential customer, merchandise, financial, associate or other important information (including personal information), which could result in damage to our reputation, costly litigation, customer complaints, negative publicity, breach notification obligations, regulatory or administrative sanctions, inquiries, orders or investigations, indemnity obligations, damages for contract breach or penalties for violations of applicable laws or regulations. The increased use of smartphones, tablets **,** ~~and other~~ mobile devices **and data applications and services** may also heighten these and other operational risks. Despite the precautions we have taken, unanticipated problems or events may nevertheless cause failures in, or unauthorized access to, our and our third- party service providers' and vendors ~~'~~**'** information technology systems. Sustained or repeated system disruptions that interrupt our ability to process orders and deliver products to the stores or directly to our customers, impact our ability to process transactions in our stores, impact our customers' ability to access our websites and mobile applications in a timely manner or expose confidential customer, merchandise, financial, associate or other important information (including personal information) **, the risks of which may be heightened as we execute on the IT Transformation Project,** could have a material adverse effect on our results of operations, financial condition and cash flows. We are party to a ~~multi- year~~ Transition Services Agreement with Victoria ~~'~~**'** s Secret ~~& Co.~~ for certain information technology services and systems to support the day- to- day needs for ~~most~~ **select** areas of technology. **While the majority of** ~~Over time, we will transition~~ these information technology capabilities **were transitioned** from Victoria ~~'~~**'** s Secret ~~& Co.~~ to **us** ~~implement point- of- sale, mobile applications, merchandising, planning, sourcing, logistics, inventory management, human resources and financial systems to the platforms of our~~ - **or to** other third- party service providers ~~and~~ **or** vendors **during fiscal 2023, Victoria' s Secret continues to primarily maintain certain network, cyber and data security and infrastructure systems** ~~or~~ **for** ~~on to~~ our **benefit** ~~own platforms, some of which are yet to be established~~ . As **these services and** systems are ~~provided, supported and managed by Victoria' s Secret & Co. and~~ transitioned to us or our third- party service providers or vendors **during fiscal 2024** , we ~~are~~ **will be** required to establish ~~a number of~~ new information technology systems as well as make hardware, software and code modifications and upgrades to certain existing information technology systems. The transition involves replacing existing systems with successor systems, making changes to existing systems, acquiring new systems with new functionality and engaging with qualified third- party service providers and vendors to utilize their systems. We are aware of inherent risks associated with replacing and modifying our information technology systems **(including in connection with the IT Transformation Project)** as well as the risks of transitioning information technology services to third- party service providers and vendors, including in each case risks relative to data integrity ~~, internal controls over financial reporting~~ and system disruptions. Information technology system disruptions or data corruption, if not appropriately mitigated, could have a material adverse effect on our results of operations, financial condition and cash flows. We use ~~, and as part of the transition of information technology services from Victoria' s Secret & Co. will increasingly use,~~ third- party service providers **and vendors** to store, transmit and otherwise process certain ~~of this~~ **confidential customer, merchandise, financial, associate or other important** information **(including personal information)** on our behalf, and our third- party service providers **and vendors** are subject to cybersecurity and privacy risks similar to us. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cybersecurity incidents or privacy violations attributed to our service providers **or vendors** as they relate to the information we share with them ~~or~~ **, information** to which they are granted access **, or information that they process for us to deliver services to our customers** . Although we **strive to** contractually require these service providers **and vendors** to implement and maintain **controls and** a standard of security (such as implementing reasonable measures) and **to** comply with applicable law, we cannot control third parties and cannot guarantee that a security breach or privacy violation will not occur in connection with their systems and practices. Any significant compromise or breach of our data security, including the security of customer, associate, third- party or Company information, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows. In the operation of our business, we collect, use, transmit and otherwise process a large volume of personal and other confidential, proprietary and sensitive information. Information systems are susceptible to an increasing threat of continually evolving cybersecurity risks. Breaches or failures of security involving our information systems, including those provided, managed and supported by ~~Victoria' s Secret & Co., or those of~~ any of our ~~other~~ third- party service providers **,** have occurred, and in the future may occur. Any significant compromise or breach of our data security, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public **, regulatory agencies** or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols **or regulations** , could significantly damage our reputation with our customers, associates, investors and other third parties, cause the disclosure of personal, confidential, proprietary or sensitive customer, associate, third- party or Company information, cause interruptions to our operations and distraction to our management, cause our customers to stop shopping with us, inhibit our ability to attract new customers and result in significant legal, regulatory and financial liabilities and lost revenues. Compounding these risks is the complexity of our information systems, which are a collection of our and our third- party service providers’ systems, and increased associated risks related to transitioning **the remaining** information systems from Victoria ~~'~~**’** s Secret ~~& Co.~~ to other third- party service providers and us. While we train our associates, have implemented systems, processes and security measures to protect our physical facilities and information technology systems against unauthorized access and prevent data loss **,** and **have** vetted our third- party service providers' systems, processes and security measures, there is no guarantee that these procedures are adequate to safeguard against all data security threats to us or our third- party service providers. Despite these measures, we have been and may in the future be vulnerable to targeted or random attacks on our systems that could lead to security breaches, denial of service, vandalism, computer viruses, malware, ransomware, misplaced, corrupted or lost data, programming and / or human errors or similar events. Our systems and facilities (and the systems **and facilities** of our third- party service providers) are also subject to compromise from internal threats, such as theft, misuse, unauthorized access or other improper actions by associates, contractors and third- party service providers with otherwise legitimate access to our (or such third- party service providers ~~'~~**’**) systems, websites, mobile applications or facilities (which risks may be heightened as a result of our **(or their)** associates working ~~-~~from ~~-~~home). Furthermore, because the methods of cyberattack and deception change frequently, are increasingly complex and sophisticated and can originate from a wide variety of sources, including nation- state actors, despite our ~~reasonable~~ efforts to ensure the confidentiality, availability and integrity of our systems, websites and mobile applications, it is possible that we may not be able to anticipate, detect, appropriately react and respond to or implement effective preventative measures against all cybersecurity ~~incidents~~ **threats** , and our third- party service providers may be subject to the same risks. We have and may in the future be required to expend significant capital and other resources to protect against, respond to and recover from any potential, attempted or existing cybersecurity incidents. As cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful or may not be completed in a timely manner. The inability to implement, maintain and upgrade adequate safeguards could have a material adverse effect on our results of operations, financial condition and cash flows. Moreover, there could be public announcements regarding ~~any~~ cybersecurity incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the price of our common stock. While we currently maintain cybersecurity insurance, such insurance may not be sufficient in type or amount to cover us against claims related to breaches, violations of law, failures or other data security- related incidents, and we cannot be certain that ~~cyber~~ **cybersecurity** insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows. Risks related to our common stock: Our stock price may be volatile. Our stock price may fluctuate substantially as a result of variations in our actual or projected performance or the financial performance of other companies in the retail **or consumer product** ~~industry~~ **industries** . Any guidance that we provide is based on goals that we believe are reasonably attainable at the time guidance is given. If, or when, we announce actual results that differ from those that have been ~~predicted~~ **forecasted** by us, outside investment analysts or others, our stock price could be adversely affected. Investors who rely on these ~~predictions~~ **forecasts** when making investment decisions with respect to our securities do so at their own risk. The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. In particular, our common stock may in the future be traded by short sellers which may put pressure on the supply and demand for our common stock, further influencing volatility in its market price. Public perception and other factors outside of our control may additionally impact the stock price of companies like us that garner a disproportionate degree of public attention, regardless of actual operating performance. If we are unable to pay quarterly dividends or repurchase our shares at intended levels, our reputation and stock price may be impacted. Quarterly cash dividends and share repurchase programs have historically been part of our capital allocation strategy. We are not required to declare dividends or make any share repurchases under our share repurchase programs in the future. For example, in 2020, we did not repurchase any of our shares, and we suspended our quarterly cash dividends due to the anticipated impact of the COVID- 19 pandemic. Our Board will determine our future levels of dividend payments and share repurchase authorizations, if any, giving consideration to our levels of profit and cash flow, capital requirements, **capital allocation strategy,** current and forecasted liquidity and the restrictions placed upon us by our borrowing arrangements, as well as financial and other conditions which may be beyond our control. Any reduction, or failure, to pay dividends or repurchase our shares after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and our stock price. Shareholder activism could cause us to incur significant expense, impact the execution of our business strategy and have an adverse effect on our business. Shareholder activism, which can take many forms and arise in a variety of situations, could result in substantial costs and divert our attention and resources from our business and our ability to execute our strategic plans. Additionally, such shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with our associates, customers ~~or~~ **,** service providers **or other vendors** and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant fees and other expenses related to activist shareholder matters, including for third-party advisors. Our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism. Risks related to our indebtedness: Our ability to maintain our credit ratings could affect our ability to access capital and could increase our interest expense. The credit rating agencies periodically review our capital structure and the quality and stability of our earnings. A deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of our credit ratings. Any negative ratings actions could constrain the capital available to **us** ~~our Company~~ or our industry and could limit our access to funding for our operations. We are dependent upon our ability to access capital at rates and on terms we determine to be attractive. If our ability to access capital becomes constrained, our interest costs **may** ~~will likely~~ increase **, we may not be able to fund future growth or we may not be able to meet some or all of our financial obligations** , which could have a material adverse effect on our results of operations, financial condition and cash flows. ~~Additionally, changes to our credit ratings could affect our future interest costs.~~ We may be unable to service or refinance our debt or maintain compliance with restrictive covenants in our debt instruments, including our asset- backed revolving credit facility. We currently have substantial indebtedness. Our asset- backed revolving credit facility (the ~~"~~ **“** ABL Facility ~~"~~ **”**) contains a covenant and negative covenants that under certain circumstances require maintenance of a certain financial ratio and also, under certain conditions, restrict our ability to pay dividends, repurchase shares of our common stock and make other restricted payments as defined in the agreement. Our cash flow from operations provides the primary source of funds for our debt service payments. If our cash flow from operations declines, we may be unable to service or refinance our current debt. If we fail to comply with any covenant, including our financial covenant, it could result in an event of default and our lenders could terminate the commitments under our ABL Facility and make the entire debt incurred thereunder immediately due and payable, or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our stockholders' interests. ~~The interest rates on our credit facilities may be impacted by the phase- out of LIBOR and the transition to the Secured Overnight Financing Rate (“ SOFR ”). Interest rates on U. S. borrowings under our ABL Facility are based on LIBOR. On July 27, 2017, the U. K.' s Financial Conduct Authority (the authority that administers LIBOR) announced that it intends to phase out LIBOR by the end of 2023. It remains unclear what rate or rates may develop as accepted alternatives to LIBOR or what the effect of such changes will be on the markets for LIBOR- based financial instruments. As of the date hereof, the current recommended replacement for USD- LIBOR is SOFR. While we currently do not have any borrowings outstanding under our ABL Facility, any transition away from LIBOR as a benchmark for establishing the applicable interest rate is complex and will affect the cost of servicing any future debt under our ABL Facility. Although the ABL Facility provides for alternative base rates, the composition and characteristics of such alternative base rates are not the same as those of LIBOR, and the consequences of the phase- out of LIBOR cannot be entirely predicted at this time.~~ Risks related to ~~law~~ **laws** and ~~regulation~~ **regulations** : Changes in laws, regulations or technology platform rules relating to privacy and data security, or any actual or perceived failure by us to comply with such laws and regulations, or contractual or other obligations relating to privacy and data security, could have a material adverse effect on our reputation, results of operations, financial condition and cash flows. We are, and may increasingly become, subject to various laws, directives, industry standards and regulations, as well as contractual obligations, relating to privacy and data security in the jurisdictions in which we operate and may in the future operate. The legal and regulatory environment related to privacy and data security is increasingly rigorous, with new ~~and~~ **requirements,** constantly changing requirements **, and new or novel interpretations of existing requirements** applicable to our business, and enforcement ~~practices~~ **actions and litigation** are likely to remain uncertain for the foreseeable future. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that the laws and regulations will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows. In the U. S., privacy and data protection are regulated at federal, state and local levels. Various federal and state regulators, including governmental agencies like the **SEC** ~~Consumer Financial Protection Bureau~~ and the Federal Trade Commission, have adopted, or are considering adopting, laws and regulations concerning privacy and data security and have prioritized privacy and data security **- related** violations for enforcement actions. Certain state laws are, and in the future may continue to be, more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which complicates compliance efforts and increases risks to our business. These laws and regulations range from the “ sectoral ” variety (i. e., laws that govern specific practices, services or technologies) to omnibus laws (i. e., laws that comprehensively seek to govern all aspects of data processing practices). As an omnichannel retailer, we are subject to both. In North America, we are subject to sectoral laws that impose different enforcement regimes, whether enforced by government agencies or class action **and / or mass arbitration** litigants, with fines and statutory damages that can result in significant exposure when applied to large customer segments. Illustrative of the sectoral variety are laws that govern telephonic communications (e. g., the Federal Telephone Consumer Protection Act), email communications (e. g., the Federal Controlling the Assault of Non- Solicited Pornography and Marketing Act and Canada' s Anti- Spam Legislation), the use of biometric technology (e. g., the Illinois Biometric Information Privacy Act), the printing of payment card numbers on certain transaction receipts (e. g., the Federal Fair and Accurate Credit Transactions Act), the use of call recordings (e. g., federal and state laws governing unlawful surveillance and consent for recordings), the collection of consumer information at retail point of sale (e. g., the California Song- Beverly Act), and the collection of driver' s license information (e. g., state laws governing the scanning of government identification). We are further subject to omnibus privacy and data protection laws. For example, the California Consumer Privacy Act (“ CCPA ”) broadly governs data privacy practices, increases privacy rights for California residents and imposes obligations on companies that process their personal information. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers data protection and privacy rights, including the ability to opt ~~-~~ out of certain disclosures of their personal information and the ability to access and delete personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of certain classifications of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Furthermore, the California Privacy Rights Act of 2020 (“ CPRA ”) ~~became effective on January 1, 2023. The CPRA~~ imposes additional obligations on companies covered by the legislation, including by expanding California residents’ rights with respect to certain sensitive personal information. The CPRA also created a new state agency that is vested with authority to implement and enforce the CCPA and CPRA. Other states and countries have passed comprehensive data privacy laws that are similar to the CCPA and CPRA, further complicating the legal landscape, and similar bills are making their way through several state legislatures. In addition, laws in all 50 U. S. states require businesses to provide notice to consumers (and, in some cases, to regulators) of data breaches, which are when certain types of personal information have been accessed **, impacted** or acquired without authorization. State laws are changing rapidly, and there are deliberations in **the U. S.** Congress regarding the text of a new comprehensive federal data privacy law to which we would become subject if it is enacted. Such a law could add complexity, variation in requirements, restrictions and potential legal risk. Moreover, it could require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and result in increased compliance costs or changes in business practices and policies. While most of our international operations are conducted through franchise, license ~~and~~ **,** wholesale **and other distribution- related** arrangements, we are also subject to certain international laws, regulations and standards in certain international jurisdictions and may be subject to additional international laws, regulations and standards, whether existing or enacted in the future, that apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. In Canada, we are subject to the Personal Information Protection and Electronic Documents Act (“ PIPEDA ”) as well as substantially similar provincial privacy laws **(e. g., Quebec’ s Law 25, which became effective in September 2023)** . These privacy ~~statutes~~ **laws** broadly govern the entire lifecycle of personal information, enumerating principles that govern accountability; purpose; consent; **assessment; privacy by default;** limitations on collection, use, disclosure and retention; accuracy; safeguards; transparency; **data** ~~right~~ **rights** ~~to~~ **of** access ~~and~~ **,** ~~correct~~ **correction and deletion** ; and complaint- handling. Certain of the ~~statutes~~ **laws** also contain a mandatory breach notification regime. Canadian federal and provincial authorities **and litigants** enforce these laws. Privacy regulators have an express obligation to investigate complaints and have the authority to initiate investigations. Under PIPEDA, the Office of the Privacy Commissioner of Canada has the power to require an organization to enter into a compliance agreement and failure to comply may result in a court order or court proceedings. A complainant may also appeal to Federal Court, and the court has broad authority including awarding damages. Similarly, the European Union' s (~~"~~ **“** EU ~~"~~ **”**) General Data Protection Regulation (“ GDPR ”) greatly increased the European Commission’ s jurisdictional reach of its laws and added a broad array of requirements for handling personal data. Further, the GDPR serves and has served as a model for other jurisdictions’ data protection laws, including without limitation, the U. K. ~~'~~ **’** s Data Protection Act of 2018 ~~, which became law after the U. K. left the EU~~ . Under the GDPR, EU member states have enacted certain implementing legislation that adds to and / or further interprets the GDPR requirements and, depending on the extent and degree to which we conduct business in the European Economic Area (“ EEA ”) and **the** U. K., potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EEA states and the U. K. governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data, and other international jurisdictions are expected to pass similar laws that may include even more stringent requirements. Changes in such international laws or changes in our business strategy such as direct expansions into additional jurisdictions may cause us to incur additional compliance costs, increase our risks of being subject to lawsuits, complaints and / or regulatory investigations or fines, or restrict our ability to transfer personal data between and among countries and regions in which we operate or may in the future operate. Such international laws, and our compliance with such laws, could impact the manner in which we do business and the geographical location or segregation of our relevant operations and could adversely affect our results of operations, financial condition and cash flows. All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, investing in and implementing additional data protection technologies and other safeguards and training associates and engaging ~~consultants~~ **third- party service providers** , which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies and distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Any failure or perceived failure by us or our partners to comply with any applicable federal, state or similar foreign laws and regulations relating to privacy and data security could result in damage to our reputation and our relationship with our customers, as well as proceedings or litigation by governmental agencies or customers, including class action privacy and data- protection litigation in certain jurisdictions, which could subject us to significant fines, sanctions, awards, penalties or judgments, any of which could have a material adverse effect on our results of operations, financial condition and cash flows. We may be impacted by our ability to comply with legal and regulatory requirements. We are subject to numerous legal and regulatory requirements. Our policies, procedures and internal controls are designed to comply with all applicable foreign and domestic laws and regulations, including those required by the Sarbanes- Oxley Act of 2002, the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act, the SEC and the **New York Stock Exchange (“** NYSE **”)** , among others. Although we have put in place policies and procedures aimed at ensuring legal and regulatory compliance, our associates, subcontractors, **manufacturers, other** vendors, licensees, franchisees and other third parties could take actions that violate these laws and regulations. Any violations of such laws or regulations could have an adverse effect on our reputation, the market price of our common stock and our results of operations, financial condition and cash flows. It can be difficult to comply with sometimes conflicting statutes or regulations in local, national or foreign jurisdictions as well as new or changing laws and regulations. Also, changes in such laws and regulations could make operating our business more expensive or require us to change the way we do business. For example, changes in product safety or other consumer protection laws could lead to increased costs for certain merchandise **, increased**

research and development costs associated with product reformulations or new product lines, or additional labor costs associated with readying merchandise for sale. We operate stores in all 50 states, Canada and Puerto Rico, which requires us to comply with a myriad of provincial, state and local laws pertaining to all aspects of our business, including our associates and consumers. The trend for states and localities in the United States to legislate in the absence of national laws passed by the U. S. Congress has greatly increased the complexity of legal compliance for us. It may be difficult for us to comply with these laws, compliance may be costly and compliance and associated costs may negatively impact our operations. We may be adversely impacted by certain compliance or legal matters. We, along with third parties we do business with, are subject to complex compliance and litigation risks. Actions filed against us from time to time include commercial, tort, intellectual property, **product liability,** tax, customer, employment, wage and hour, **data** privacy, securities, anti- corruption and other claims, including purported class action lawsuits **and mass arbitration claims** . The cost of defending against these types of claims against us or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business. Further, potential claimants may be encouraged to bring suits based on a settlement from us or adverse court decisions against us. We cannot currently assess the likely outcome of such suits, but if the outcome were negative, it could have a material adverse effect on our reputation, results of operations, financial condition and cash flows. In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers and stockholders, that could have a material adverse effect on our reputation, the market price of our common stock and our results of operations, financial condition and cash flows. We may be impacted by changes in taxation, trade and other regulatory requirements. We are subject to income tax in local, national and international jurisdictions. In addition, our products are subject to import and excise duties and / or sales or value- added taxes in many jurisdictions. We are also subject to the examination of our tax returns and other tax matters by the IRS and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. Fluctuations in tax rates and duties, changes in tax legislation or regulation or adverse outcomes of these examinations could have a material adverse effect on our results of operations, financial condition and cash flows. There is increased uncertainty with respect to **international** tax policy and trade relations between the U. S. and other countries **. The uncertainty** ~~, including as a result~~ **results** ~~of any~~ **from, among other things,** executive ~~action~~ **actions** ~~taken~~ or legislative priorities **taken,** set **or under consideration,** by the current U. S. presidential administration ~~.~~ **,** ~~Major~~ **major** developments in tax policy or trade relations **(including** ~~, such as~~ the imposition of unilateral tariffs on imported products **)** , **and Organization for Economic Cooperation and Development actions adopted in certain jurisdictions. These actions, legislation and developments** could have a material adverse effect on our results of operations, financial condition and cash flows.