**Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Our Business and Industry Disruptions in the overall economy and the financial markets may adversely impact our business and results of operations.The retail industry can be greatly affected by macroeconomic factors,including changes in national,regional and local economic conditions,as well as consumers’ perceptions of such economic factors.In general,sales represent discretionary spending by our customers.Discretionary spending is affected by many factors,including general business conditions,interest rates,inflation,consumer debt levels,the availability of consumer credit,currency exchange rates,taxation,gasoline prices,income,unemployment trends,home values and other matters that influence consumer confidence and spending.Many of these factors are outside of our control.We are experiencing,and may continue to experience,increased inflationary pressure on the cost of certain products.Our customers’ purchases of discretionary items,including our products,generally decline during periods when disposable income is lower,when prices increase in response to rising costs,or in periods of actual or perceived unfavorable economic conditions.Deterioration of the consumer spending environment could be harmful to our financial condition and results of operations,could adversely affect our ability to comply with covenants under our credit facility and,as a result,may negatively impact our ability to continue payment of our quarterly dividend,to repurchase our stock and to open additional stores in the manner that we have in the past.During fiscal 2022 and into fiscal 2023,competition for labor and broad- based inflation has caused us to pay higher wage rates and contributed to increased operating expenses.Our quarterly net sales and operating results,reported and expected,can fluctuate substantially,which may adversely affect the market price of our common stock.Our net and same store sales and results of operations,reported and expected,have fluctuated in the past and will vary from quarter to quarter in the future.These fluctuations may adversely affect our financial condition and the market price of our common stock.A number of factors,many of which are outside our control,have historically caused and will continue to cause variations in our quarterly net and same store sales and operating results,including changes in consumer demand for our products,competition in our markets,inflation,increases in operating expense,changes in pricing or other actions taken by our competitors,weather conditions in our markets,natural disasters,litigation,political events,government regulation,changes in accounting standards,changes in management’ s accounting estimates or assumptions and economic conditions,including those specific to our western United States markets. Intense competition in the sporting goods industry could limit our growth and reduce our profitability. The retail market for sporting goods is highly fragmented and intensely competitive. We compete directly or indirectly with the following categories of companies, through traditional retail and e- commerce channels: • sporting goods superstores, such as Academy Sports & Outdoors and Dick’ s Sporting Goods; • ~~traditional sporting goods stores and chains, such as Hibbett; •~~ specialty sporting goods shops and pro shops, such as Bass Pro Shops, Cabela’ s, Foot Locker, Sportsman’ s Warehouse and REI; • mass merchandisers, discount stores and department stores, such as Walmart, Target, Kohl’ s and JC Penney; • e- commerce retailers, such as Amazon. com; and • athletic and sporting goods brands that engage in direct- to- consumer sales, such as ~~Nike,~~ adidas and Under Armour. Some of our competitors have a larger number of stores, greater e- commerce capabilities or greater financial, distribution, marketing and other resources than we have. If our competitors reduce their prices, it may be difficult for us to retain market share without reducing our prices, which could impact our margins. As a result of this competition, we may also need to spend more on advertising and promotion than we anticipate. Increased competition in our current markets or the adoption or proliferation by competitors of innovative store formats, aggressive pricing strategies and retail sales methods, such as e- commerce, could cause us to lose market share and could have a material adverse effect on our business. While e- commerce has been a rapidly growing sales channel and an increasing source of competition in the retail industry, sales from our e- commerce channel are not material to our operations. We have no assurance that our e- commerce efforts will prove profitable, whether due to product preferences of online buyers, ability to compete with other (often more established) online retailers, or for other reasons, such as the cannibalization of sales from our existing store base. If we are unable to compete successfully, our operating results may suffer. A reduction or loss of product from a key supplier could cause our net sales and profitability to suffer. In fiscal ~~2022~~ **2023** , we purchased merchandise from ~~nearly 700~~ **over 600** vendors, and our 20 largest vendors collectively accounted for ~~35~~ **39** . ~~9~~ **3** % of our total purchases. ~~No~~ **One** vendor represented greater than 5 % of total purchases in fiscal ~~2022. Early in fiscal 2021, we were informed of an expansion of Nike’ s direct- to- consumer initiatives that impacted certain multi- branded retailers, including us, and which led to a significant reduction in our supply chain relative to this vendor. While we believe we have suitable replacements to satisfy product demand, if we are unable to develop suitable alternatives to satisfy product demand in fiscal~~ 2023 ~~and beyond~~ , **at 5** ~~sales could decline which could negatively impact future operating results~~ . ~~Additionally, if~~ **1 %. If** there are ~~other~~ disruptions in supply from a principal supplier or distributor, we may be unable to obtain merchandise that we desire to sell and that consumers desire to purchase. A vendor could discontinue or restrict selling products to us at any time for reasons that may or may not be within our control. The increased development of direct- to- consumer initiatives by athletic and sporting goods brands could result in additional restrictions on the products available for us to purchase and sell. Our net sales and profitability could decline if we are unable to promptly replace a product vendor that is unwilling or unable to satisfy our requirements with a vendor providing equally appealing products. Moreover, many of our key suppliers provide us with incentives, such as return privileges, volume purchase allowances and co- operative advertising. A decline or discontinuation of these incentives could reduce our profits. If we fail to anticipate changes in consumer preferences, we may experience lower net sales, higher inventory, higher inventory markdowns and lower margins. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty. These preferences are also subject to change and can be impacted by various factors, including sports participation levels in our market areas, the performance of sports teams for which we sell licensed products, weather conditions in our market areas and regulatory or political changes. ~~During .~~ Our success depends upon our ability to anticipate and respond in a timely manner to consumer trends and consumers' participation in sports and other recreational activities for which we sell products.If we fail to identify and respond in a timely manner to these changes,our net sales and profitability may decline.In addition,because we often make commitments to purchase products from our vendors up to nine months in advance of the proposed delivery,if we misjudge the market for our merchandise or conditions change after we have committed to purchase products,we may overstock unpopular products and be forced to take inventory markdowns that could have a negative impact on profitability.If we are unable to effectively and efficiently connect with our customers through our advertising and marketing programs,our operating results may suffer.We historically utilized print advertising programs that included newspaper inserts,direct mailers and courier- delivered inserts in order to effectively deliver our message to our targeted markets.Newspaper circulation and readership has been declining,and in 2020,in response **to** the novel coronavirus (" COVID- 19 ") pandemic, our product offerings have resonated with consumers...... to the COVID- 19 pandemic, we accelerated the reduction of our print advertising programs. The consumer preferences for certain of our product categories that have driven positive sales during the COVID- 19 outbreak have not continued after the outbreak has subsided, and we may need to increase advertising and promotional activity from the current historically low levels in an effort to drive customer traffic and sales, which could impact our profitability. ~~If~~ **While we expect to continue to benefit from reduced print advertising activity in the foreseeable future, if** our efforts to evolve our advertising programs fail or we are unable to develop other effective strategies to reach potential customers within our desired markets, awareness of our stores, products and promotions could decline and our net sales could suffer. The COVID- 19 pandemic has disrupted and could in the future disrupt our business, which could have a material adverse impact on our business, results of operations, liquidity and financial condition for an extended period of time. ~~The~~ **As** COVID- 19 ~~pandemic has significantly impacted health and economic conditions throughout the United States, as public concern about becoming ill with the virus has led to the issuance of recommendations and / or mandates from federal, state and local authorities to practice social distancing or self- quarantine. Disruptions related to COVID- 19 negatively impacted our financial results in the first half of fiscal 2020 when we temporarily closed more than one- half of our retail store locations in response to state and local shelter orders related to the COVID- 19 outbreak. As our stores reopened and COVID- 19 restrictions began easing, we experienced unprecedented consumer demand for our products and our financial results improved during the second half of fiscal 2020 and throughout fiscal 2021. In response to COVID- 19 during fiscal 2020, measures we took to reduce expense, preserve capital and enhance our liquidity benefited our financial performance in the second half of fiscal 2020 and throughout fiscal 2021. As the pandemic~~ continues to evolve, we may be further required to restrict the operations of our stores or our distribution facility ~~if we deem this necessary or~~ if recommended or mandated by authorities. If the classification of what is an " essential " business changes in jurisdictions where our stores are located, or the restrictions on retail operations in our markets are reinstituted, or other government regulations are adopted pertaining to how we may operate our stores, we may be required to temporarily close or restrict operations at more, if not all, of our stores, or incur additional expense to operate our stores, which would significantly impact our sales and ~~results of operations. Furthermore, certain jurisdictions in which we operate have mandated employer- paid supplemental leave benefits associated with the COVID- 19 pandemic, and such programs may be extended into the future. The cost of maintaining such mandated benefits may increase our operating costs and negatively impact our~~ results of operations. Additionally, if we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. COVID- 19 has also impacted our supply chain for products we sell, particularly those products that are sourced from Asia. To the extent one or more of our vendors or shipping or port facilities are negatively impacted by COVID- 19, including due to the closure of its distribution centers or manufacturing facilities, we may be unable to maintain delivery schedules or adequate inventory in our stores. Future prolonged and sustained delays in product reaching our stores from overseas vendors, particularly during the holiday season, could result in our inability to obtain adequate levels of merchandise inventories to meet our consumers' needs, which could have an adverse impact on our net sales and profitability. The extent to which the COVID- 19 outbreak impacts our business, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity and impact of the COVID- 19 outbreak, the effects of the outbreak on our customers, employees and vendors, the regulatory response and impact of stimulus measures adopted by local, state and federal governments, and to what extent normal economic and operating conditions can resume ~~. Even after the COVID- 19 outbreak has subsided, we could experience materially adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future due to a continued erosion in consumer sentiment or the effect of high unemployment on our consumer base~~ . Additionally, the consumer preferences for certain product categories that have driven positive sales during the COVID- 19 outbreak ~~may~~ **have** not ~~continue~~ **continued** after the outbreak has subsided, and any **further negative** change in consumer preferences could negatively impact our results of operations. We may need to increase advertising and promotional activity from the current historically low levels in an effort to drive customer traffic and sales, which could impact our ~~profitability. As business conditions evolve, we may need to increase our staffing from the current reduced levels, which could impact~~ profitability. Furthermore, the financial condition of our customers and vendors may be adversely impacted by the pandemic, which may result in a decrease in discretionary consumer spending and our store traffic and sales, and an increase in bankruptcies or insolvencies with respect to our vendors. These events may, in turn, have a material adverse impact on our business, results of operations, liquidity and financial condition. Because our stores are concentrated in the western United States, we are subject to regional risks. Our stores are located in the western United States. Because of this, we are subject to regional risks, such as the economy, including downturns in the housing market, state financial conditions, unemployment and gas prices. Other regional risks include adverse weather and climate conditions, power outages, earthquakes and other natural disasters specific to the states in which we operate. For example, particularly in California where we have a high concentration of stores, seasonal factors such as unfavorable weather conditions or other localized conditions including flooding ~~(such as recent flooding that resulted in a casualty to our store located in San Ramon, CA)~~ , drought, fires ~~(such as the wildfires of 2021 that resulted in the closing of certain national parks and led to a negative impact on various outdoor activities, particularly camping and watersports, and the wildfires of 2018 that destroyed our store located in Paradise, CA)~~ , earthquakes or electricity blackouts ~~(such as the rolling blackouts of 2019 that impacted certain California stores)~~ could impact our sales and harm our operations. State and local regulatory compliance, such as with recent minimum wage increases in our market areas, also can impact our financial results. Economic downturns or other adverse regional events could have an adverse impact upon our net sales and profitability and our ability to open additional stores in the manner that we have in the past. Additionally, California is subject to a property tax law commonly referred to as Proposition 13, which allows properties to be reassessed only at the time of change in ownership or completion of construction, and annual property reassessments are limited to a 2 % increase from previously- assessed values thereafter. As a result, Proposition 13 generally results in significant below- market assessed values over time. From time to time, and recently, lawmakers and political coalitions have initiated efforts to repeal or amend Proposition 13 to eliminate its application to commercial and industrial properties. Since we lease all of our store locations, as well as our corporate offices and distribution center facilities in California, and are required under the terms of our leases to pay property taxes thereon, any repeal of Proposition 13 could substantially increase the assessed values and property taxes we pay for our leased properties in California. A significant amount of our sales is impacted by seasonal weather conditions in our markets. Because many of the products we sell are used for seasonal outdoor sporting and recreational activities, our business is significantly impacted by weather and climate conditions in our markets. For example, our winter sports and apparel sales are dependent on cold winter weather and snowfall in our markets and can be negatively impacted by unseasonably warm or dry weather in our markets during the winter product selling season. Conversely, sales of our spring products and summer products, such as baseball gear and camping and water sports equipment, can be adversely impacted by unseasonably cold or wet weather in those periods. Accordingly, our sales results and financial condition will typically suffer when weather and climate patterns do not conform to seasonal norms. **This dynamic could be amplified if climate change disrupts climate patterns or otherwise increases the volatility of weather in our markets. Uncharacteristic or significant weather conditions or natural disasters and the impacts of climate change could adversely affect our results of operations. Uncharacteristic or significant weather conditions, including the physical impacts of climate change, can affect consumer shopping patterns, particularly for seasonal items, which could lead to lower sales and adversely affect our results of operations. In addition, we have significant operations in certain states where natural disasters are more prevalent. Natural disasters in those states could result in significant physical damage to or closure of one or more of our stores, distribution center, or key vendors. In addition, weather conditions, natural disasters, and other catastrophic events in areas where we or our vendors operate, or depend upon for continued operations, could adversely affect the availability and cost of certain products within our supply chain, affect consumer purchasing power, and reduce consumer demand. Any of these events could adversely affect our results of operations. The long- term effects of global climate change are expected to be widespread and unpredictable, and potential impacts present a variety of risks. The physical effects of climate change, such as extreme weather conditions, drought, and rising sea levels, could adversely affect our results of operations, including by increasing our energy costs, disrupting our supply chain, negatively impacting our workforce, damaging our stores, distribution center, and inventory, and threatening the habitability of the locations in which we operate. In addition to physical risks, the potential impacts of climate change also present transitional risks, including regulatory and reputational risks.** Our business is subject to seasonal fluctuations, and unanticipated changes in our customers' seasonal buying patterns can impact our business. We experience seasonal fluctuations in our net sales and operating results. Seasonality influences our buying patterns which directly impacts our merchandise and accounts payable levels and cash flows. We purchase merchandise for seasonal activities in advance of a season and supplement our merchandise assortment as necessary and when possible during the season. Our efforts to replenish products during a season are not always successful. In the fourth fiscal quarter, which includes the holiday selling season and the start of the winter selling season, we normally experience higher inventory purchase volumes and increased expense for staffing and advertising. If we miscalculate the consumer demand for our products generally or for our product mix in advance of a season, our net sales can decline, which can harm our financial performance. A significant shortfall from expected net sales, particularly in the fourth fiscal quarter, can negatively impact our annual operating results. All of our stores rely on a single distribution center. Any disruption or other operational difficulties at this distribution center could reduce our net sales or increase our operating expense. We rely on a single distribution center facility located in Riverside, California to service our business. Any natural disaster or other serious disruption to the distribution center due to fire, earthquake or any other cause could damage a significant portion of our inventory and could materially impair both our ability to adequately stock our stores and our net sales and profitability. **The lease for our distribution center is scheduled to expire in 2030 with no extension options. Extensions of such lease would likely be at significantly increased rents and our inability to extend such lease could materially impair both our ability to adequately stock our stores and our net sales and profitability.** If the security measures used at our distribution center do not prevent inventory theft, our gross profit may significantly decrease. Our distribution center is staffed in part by employees represented by Local 986. We have not had a strike or work stoppage in over 40 years, although such a disruption could have a significant negative impact on our business operations and financial results. Further, in the event that we are unable to grow our net sales sufficiently to allow us to leverage the costs of this distribution center in the manner we anticipate, our financial results could be negatively impacted. Additionally, because we rely on a single distribution center, our store growth could be limited to the geographic areas to which we can efficiently distribute products from this facility. Our store growth also could be limited if our distribution center reaches full capacity. Such constraints could result in a loss of market share and our inability to execute our business plan, which could have a material adverse effect on our financial condition and results of operations. If we are unable to successfully implement our controlled growth strategy or manage our growing business, our future operating results could suffer. One of our strategies includes opening profitable stores in new and existing markets. Our ability to successfully implement and capitalize on our growth strategy could be negatively affected by various factors including: • ~~we may slow~~ **a slowdown of** our expansion efforts, or close underperforming stores, as a result of challenging conditions in the retail industry and the economy overall; • **increased difficulty in finding** ~~we may not be able to find~~ suitable sites available for leasing within our existing market areas, and our distribution capabilities may limit our ability to expand beyond our current market areas; • **increased difficulty in** ~~we may not be able to negotiate~~ **negotiating** acceptable lease terms; • **increased difficulty in hiring** ~~we may not be able to hire~~ and ~~retain~~ **retaining** qualified store personnel; and • ~~we may not have~~ **increased difficulty in securing** the financial resources necessary to fund our expansion plans. In recent years, we have slowed our store openings and strategically closed certain stores as we maintained a cautious approach toward store expansion in the current retail environment, which ~~included~~ **includes** increasing e-commerce competition ~~and the COVID- 19 pandemic in fiscal 2020 and 2021~~. If we are unable to resume our store expansion efforts for any of the reasons discussed above, our operating results could suffer. In addition, our expansion in new and existing markets may present competitive, merchandising, marketing and distribution challenges that differ from our current challenges. These potential new challenges include competition among our stores, added strain on our distribution center, additional information to be processed by our information technology (" IT ") systems, diversion of management attention from ongoing operations and challenges associated with managing a larger enterprise. We face additional challenges in entering new markets, including consumers' lack of awareness of us, difficulties in hiring personnel and problems due to our unfamiliarity with local real estate markets and demographics. New markets may also have different competitive conditions, consumer tastes, responsiveness to ~~print~~ advertising and discretionary spending patterns than our existing markets. To the extent that we are not able to meet these new challenges, our net sales could decrease and our operating expense could increase. Because many of the products that we sell are manufactured abroad, we may face delays, increased cost or quality control deficiencies in the importation of these products, which could reduce our net sales and profitability. Like many other sporting goods retailers, a significant portion of the products that we purchase for resale, including those purchased from domestic suppliers, is manufactured abroad in Asia. In addition, we believe most, if not all, of our private label merchandise is manufactured abroad. Foreign imports subject us to the risks of changes in, or the imposition of new, import tariffs, duties or quotas, new restrictions on imports, loss of " most favored nation " status with the United States for a particular foreign country, antidumping or countervailing duty orders, retaliatory actions in response to illegal trade practices, work stoppages, delays in shipment, freight expense increases, product cost increases due to foreign currency fluctuations or revaluations, public health issues that could lead to temporary closures of or delays at facilities or shipping ports, such as the COVID- 19 pandemic, and other economic uncertainties. If any of these or other factors were to cause a disruption of trade from the countries in which the suppliers of our vendors are located or impose additional costs in connection with the purchase of our products, we may be unable to obtain sufficient quantities of products to satisfy our requirements and our results of operations could be adversely affected. To the extent that any foreign manufacturers which supply products to us directly or indirectly utilize quality control standards, labor practices or other practices that vary from those legally mandated or commonly accepted in the United States, we could be hurt by any resulting negative publicity or increases in operating costs or, in some cases, face potential liability. In addition, instability in the political and economic environments of the countries in which our vendors or we obtain our products, or general international instability, could have an adverse effect on our operations. In the event of disruptions or delays in supply due to economic or political conditions in foreign countries, such disruptions or delays could adversely affect our results of operations unless and until alternative supply arrangements could be made. In addition, merchandise purchased from alternative sources may be of lesser quality or more expensive than the merchandise we currently purchase abroad. Disruptions in transportation, including disruptions at shipping ports through which our products are imported, could prevent us from timely distribution and delivery of inventory, which could reduce our net sales and profitability. A substantial amount of our inventory is manufactured abroad. From time to time, shipping ports experience capacity constraints, labor strikes, work stoppages or other disruptions that may delay the delivery of imported products. A contract dispute at the ports through which our products travel, particularly the Ports of Los Angeles and Long Beach, could lead to protracted delays in the movement of our products, which could further delay the delivery of products to our stores and impact net sales and profitability. In addition, other conditions outside of our control, such as adverse weather conditions, acts of terrorism or public health issues that could lead to temporary closures of or delays at facilities or shipping ports, such as the COVID- 19 pandemic, could significantly disrupt operations at shipping ports or otherwise impact transportation of the imported merchandise we sell. ~~During the second half of fiscal 2021 and continuing into the third quarter of fiscal 2022, we experienced significant shipping delays of products sourced from overseas vendors to be received at the Ports of Los Angeles and Long Beach, which reflected increased shipping volume and insufficient labor resources at the ports that had significantly increased cargo backlogs. These factors, in addition to workforce shortages in the trucking industry, have limited our ability to obtain desired quantities of inventory for various merchandise categories.~~ While we have generally been able to sufficiently stock product in our stores to meet most consumer demand ~~during the pandemic~~, future prolonged and sustained delays in product reaching our stores from overseas vendors, particularly during the holiday season, could result in our inability to obtain adequate levels of merchandise inventories to meet our consumers' needs, which could have an adverse impact on our net sales and profitability. Our costs may change as a result of currency exchange rate fluctuations or inflation in the purchase cost of merchandise manufactured abroad. We and our suppliers source goods from various countries, including Asia, and thus changes in the value of the U. S. dollar compared to other currencies, or foreign labor and raw material cost inflation, may affect the cost of goods that we purchase. If the cost of goods that we purchase increases, we may not be able to similarly increase the retail prices of goods that we charge consumers without impacting our sales and our operating profits may suffer. Increases in transportation costs due to ~~rising~~ **volatile** fuel costs, climate change regulation and other factors may negatively impact our operating results. We rely upon various means of transportation, including ship and truck, to deliver products from vendors to our distribution center and from our distribution center to our stores. Consequently, our results can vary depending upon the price of fuel. The price of oil has fluctuated drastically over the last few years, creating volatility in our fuel costs. In addition, efforts to combat climate change through reduction of greenhouse gases may result in higher fuel costs through taxation or other means. Any such future increases in fuel costs would increase our transportation costs for delivery of product to our distribution center and distribution to our stores, as well as our vendors' transportation costs, which could decrease our operating profits. In addition, labor shortages or other factors in the transportation industry could negatively affect transportation costs and our ability to supply our stores in a timely manner. In particular, our business is highly dependent on the trucking industry to deliver products to our distribution center and our stores. Our operating results may be adversely affected if we or our vendors are unable to secure adequate trucking resources at competitive prices to fulfill our delivery schedules to our distribution center or stores. Risks Related to Our Capital Structure Our future cash flows may not be sufficient to meet our obligations and we might have difficulty obtaining more financing or refinancing any existing indebtedness on favorable terms. As of ~~January 1~~ **December 31** , 2023, our long- term revolving credit borrowings outstanding were zero. However, we have historically maintained a leveraged financial position. This means: • our ability to obtain financing in the future for working capital, capital expenditures and general corporate purposes might be impeded; • we are more vulnerable to economic downturns and our ability to withstand competitive pressures is limited; and • we are more vulnerable to increases in interest rates, which may affect our interest expense and negatively impact our operating results. If our business declines, our future cash flows might not be sufficient to meet our obligations and commitments. If we fail to make any required payment under our revolving credit facility, our debt payments may be accelerated under this agreement. In addition, in the event of bankruptcy, insolvency or a material breach of any covenant contained in our revolving credit facility, our debt may be accelerated. This acceleration could also result in the acceleration of other indebtedness that we may have outstanding at that time. The level of our indebtedness, and our ability to service our indebtedness, is directly affected by our cash flows from operations. If we are unable to generate sufficient cash flows from operations to meet our obligations, commitments and covenants of our revolving credit facility, we may be required to refinance or restructure our indebtedness, raise additional debt or equity capital, sell material assets or operations, delay or forego expansion opportunities, or cease or curtail our quarterly dividends or share repurchase plans. These alternative strategies might not be effected on satisfactory terms, if at all. The terms of our revolving credit facility impose operating and financial restrictions on us, which may impair our ability to respond to changing business and economic conditions. The terms of our revolving credit facility impose operating and financial restrictions on us, including, among other things, covenants that require us to maintain a fixed- charge coverage ratio of not less than 1. 0 to 1. 0 in certain circumstances, restrictions on our ability to incur liens, incur additional indebtedness, transfer or dispose of assets, change the nature of the business, guarantee obligations, pay dividends or make other distributions or repurchase stock, and make advances, loans or investments. For example, our ability to engage in the foregoing transactions will depend upon, among other things, our level of indebtedness at the time of the proposed transaction and whether we are in default under our revolving credit facility. As a result, our ability to respond to changing business and economic conditions and to secure additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might further our growth strategy or otherwise benefit us and our stockholders without obtaining consent from our lenders. In addition, our revolving credit facility is secured by a perfected security interest in our assets. In the event of our insolvency, liquidation, dissolution or reorganization, the lenders under our revolving credit facility would be entitled to payment in full from our assets before distributions, if any, were made to our stockholders. Disruptions in the economy and financial markets may adversely impact our lenders. Volatility in capital and credit markets can impact the ability of financial institutions to meet their lending obligations. Based on information available to us, **Bank of America, National Association,** the lender under our revolving credit facility is currently able to fulfill its commitments thereunder. However, circumstances could arise that may impact its ability to fund its obligations in the future. Although we believe the commitments from our lender under the revolving credit facility, together with our cash on hand and anticipated operating cash flows, should be sufficient to meet our near- term borrowing requirements, if Bank of America, National Association ~~, our lender~~ , or any other lender under the credit facility from time to time, is for any reason unable to perform its lending or administrative commitments under the facility, then disruptions to our business could result and may require us to replace this facility with a new facility or to raise capital from alternative sources on less favorable terms, including higher rates of interest. Risks Related to Regulatory, Legislative and Legal Matters Current and future government regulation may negatively impact demand for our products and increase our cost of conducting business. The conduct of our business, and the distribution, sale, advertising, labeling, safety, transportation and use of many of our products are subject to various laws and regulations administered by federal, state and local governmental agencies in the United States, as well as regulations administered by various youth sports leagues and organizations. These laws and regulations may change, sometimes dramatically, as a result of political, economic or social events, such as the state and local stay- at- home orders issued in our markets in response to the COVID- 19 pandemic. Changes in laws, regulations or governmental policy may alter the environment in which we do business and the demand for our products and, therefore, may impact our financial results or increase our liabilities. Some of these laws and regulations include: ~~• laws and regulations governing how our stores may operate during the COVID- 19 pandemic;~~ • laws and regulations governing the manner in which we advertise or sell our products; • laws and regulations that prohibit or limit the sale, in certain localities, of certain products we offer, such as firearm- related products; • laws and regulations governing the activities for which we sell products, such as hunting and fishing; • laws and regulations governing consumer products generally, such as the federal Consumer Product Safety Act and Consumer Product Safety Improvement Act, as well as similar state laws; • labor and employment laws, such as minimum wage or living wage laws, paid time off and other wage and hour laws; • laws requiring mandatory health insurance for employees, such as the Affordable Care Act; • U. S. customs laws and regulations pertaining to duties and tariffs, including proper item classification, quotas and payment of duties and tariffs; • laws and regulations governing consumer privacy, such as the California Consumer Privacy Act; and • laws and regulations designed to address climate change, including measuring, reporting and mitigating greenhouse gas emissions. Changes in these and other laws and regulations or additional regulation could cause the demand for and sales of our products to decrease. Moreover, complying with increased or changed regulations could cause our cost of obtaining products and our operating expense to increase. This could adversely affect our net sales and profitability. We may be subject to periodic litigation that may adversely affect our business and financial performance. From time to time, we may be involved in lawsuits and regulatory actions relating to our business, certain of which may be maintained in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business, results of operations and financial condition. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that we devote substantial resources to defend against these claims, which could impact our results of operations. In particular, we may be involved in lawsuits related to employment, advertising and other matters, including class action lawsuits brought against us for alleged violations of the Fair Labor Standards Act, state wage and hour laws, state or federal advertising laws and other laws. An unfavorable outcome or settlement in any such proceeding could, in addition to requiring us to pay any settlement or judgment amount, increase our operating expense as a consequence of any resulting changes we might be required to make in employment, advertising or other business practices. In addition, we sell products manufactured by third parties, some of which may be defective. Many such products are manufactured overseas in countries which may utilize quality control standards that vary from those legally allowed or commonly accepted in the United States, which may increase our risk that such products may be defective. If any products that we sell were to cause physical injury or injury to property, the injured party or parties could bring claims against us as the retailer of the products based upon strict product liability. In addition, our products are subject to the federal Consumer Product Safety Act and the Consumer Product Safety Improvement Act, which empower the Consumer Product Safety Commission to protect consumers from hazardous products. The Consumer Product Safety Commission has the authority to exclude from the market and recall certain consumer products that are found to be hazardous. Similar laws exist in some states and cities in the United States. If we fail to comply with government and industry safety standards or reporting requirements, we may be subject to claims, lawsuits, product recalls, fines and negative publicity that could harm our results of operations and financial condition. We also sell firearm- related products, which may be associated with an increased risk of injury and related lawsuits. We may incur losses due to lawsuits relating to our compliance with firearm and ammunition laws as mandated by city, municipality, state and federal law, or the performance of background checks in connection with firearms or ammunition purchases, or the improper use of firearms sold by us. This may include, for example, lawsuits by individuals, government entities or other organizations attempting to recover damages or costs from firearms manufacturers and retailers relating to the sale, advertisement, misuse, loss, or release of firearms or ammunition. Commencement of these lawsuits against us could reduce our net sales and decrease our profitability. The sale of firearm- related products also may present reputational risks and negative publicity that could affect consumers' perception of us or willingness to shop with us, which could harm our results of operations and financial condition. The insurance coverage under policies that we maintain or that our product vendors maintain and under which we may be insured may not be adequate to cover claims that could be asserted against us. If a successful claim was to be brought against us in excess of our insurance coverage, or for which we have no insurance coverage, it could harm our business. Even unsuccessful claims could result in the expenditure of substantial funds and management time and could have a negative impact on our business. In addition, the cost of maintaining adequate insurance coverage could increase based on claims asserted against us, the type of products that we sell and market conditions generally. The sale of firearm- related products is subject to strict regulation, which could affect our operating results. **Regulations which took effect January 1, 2024 contributed to the discontinuation of firearm sales in our California markets. While this impact is expected to be immaterial,** ~~Because~~ **because** we **continue to** sell **firearms in our other markets and** firearm- related products **in all of our markets** , we are required to comply with federal, state and local laws and regulations pertaining to the purchase, storage, transfer and sale of such products. These laws and regulations require us to, among other things, obtain and maintain federal, state or local permits or licenses in order to sell firearms or ammunition, ensure that certain employees obtain licenses to sell firearms or ammunition, ensure that all purchasers of firearms are subjected to a pre- sale background check and other requirements, record the details of each firearm sale on appropriate government- issued forms, record each receipt or transfer of a firearm at our distribution center or any store location on acquisition and disposition records, and maintain these records for a specified period of time. Additionally, in certain jurisdictions we are required to obtain a license to sell ammunition or record the details of each ammunition sale and maintain these records for a specified period of time. We also are required to timely respond to traces of firearms by law enforcement agencies. Over the past several years, the purchase and sale of firearm- related products has been the subject of increased federal, state and local regulation, such as ~~requirements related to performing a safe- handling demonstration of firearms in California,~~ new minimum age restriction laws, ammunition sales laws, and new security laws ~~, including California Senate Bill 1384, which may require us to incur material capital expenditures and operating expenses to comply with such Bill, effective as of January 1, 2024~~ . These regulatory efforts are likely to continue in our current markets and other markets into which we may expand. If enacted, new laws and regulations could limit the types of firearm- related products that we are permitted to purchase and sell, impose new restrictions and requirements on the manner in which we purchase, sell and store these products, increase regulatory fees charged to the consumer and impact our ability to offer these products in certain retail locations or markets. If we fail to comply with existing or newly enacted laws and regulations relating to the purchase and sale of firearm- related products, our permits or licenses to sell firearm- related products at our stores or maintain inventory of firearm- related products at our distribution center may be suspended or revoked. We may also incur losses related to these products if we fail to obtain or timely renew a necessary license. If this occurs, our net sales and profitability could suffer. Further, complying with increased regulation relating to the sale of firearm- related products could cause our operating expense to increase and this could adversely affect our results of operations. Risks Related to Investing in Our Common Stock The declaration of discretionary dividend payments or the repurchase of our common stock pursuant to our share repurchase program may not continue. We currently pay quarterly dividends subject to capital availability and periodic determinations by our Board of Directors that cash dividends are in the best interest of us and our stockholders. ~~In fiscal 2021, we also paid two special dividends.~~ Our dividend policy may be affected by, among other items, business conditions, our financial condition, our views on potential future capital requirements, the terms of our debt instruments, legal risks, changes in federal income tax law and challenges to our business model. **Our** ~~In early fiscal 2020, we suspended dividend payments in an effort to preserve capital in response to the initial impact of the COVID- 19 pandemic. While we have since reinstated and increased our quarterly dividend and paid special dividends, our~~ dividend policy may change from time to time and we may or may not continue to declare discretionary dividend payments. Additionally, ~~although~~ we **are not obligated to make any** ~~repurchased~~ -- **purchases** ~~shares in fiscal 2022~~ pursuant to ~~our~~ **the** share repurchase program authorized by our Board of Directors ~~, we are not obligated to make any purchases under the program~~ and we may reduce the amount of purchases we make under the program or discontinue the program at any time. If we are unable to establish and maintain adequate internal controls over financial reporting, we may not be able to report our financial results in a timely and reliable manner, which could lead to a loss of investor confidence and result in a decline in the market price of our common stock. Adequate and effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. If we are unable to provide reliable financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Even established adequate and effective internal controls have inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even established adequate and effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of adequate and effective internal controls over financial reporting in future periods are subject to the risk that the control may become inadequate because of changes in conditions or a deterioration in the degree of compliance with the policies or procedures. If we fail to maintain adequate and effective internal controls, including any failure to implement new or improved controls, or if we experience difficulties in their implementation, we may be unable to meet our reporting obligations in a timely and reliable manner, and there could be a material adverse effect on our business and financial results. If our current control environment deteriorates, investors may lose confidence which could adversely affect the market price of our common stock. Our anti-takeover provisions could prevent or delay a change in control of our Company, even if such change of control would be beneficial to our stockholders. Provisions of our amended and restated certificate of incorporation and Second Amended and Restated Bylaws (" Bylaws ") as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our Company, even if such change in control would be beneficial to our stockholders. The provisions of our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law that could discourage, delay or prevent a merger, acquisition or other change in control include: • a Board of Directors that is classified such that two or three of the seven directors, depending on classification, are elected each year and each director is elected for a three- year term; • limitations on the ability of stockholders to call special meetings of stockholders; • prohibition of stockholder action by written consent and requiring all stockholder actions to be taken at a meeting of our stockholders; • a requirement in our certificate of incorporation that stockholder amendments to our bylaws and certain amendments to our certificate of incorporation must be approved by 80 % of the outstanding shares of our capital stock; • authorization of the issuance of " blank check " preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares and thwart a takeover attempt; and • establishment of advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings. In addition, Section 203 of the Delaware General Corporations Law **(" DGCL ")** limits business combination transactions with 15 % stockholders that have not been approved by the Board of Directors. These provisions and other similar provisions make it more difficult for a third party to acquire us without negotiation. These provisions may apply even if the transaction may be considered beneficial by some stockholders. Our Bylaws designate certain state or federal courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us and may impose additional costs on us and our stockholders. Our Bylaws provide that, unless we consent to the selection of an alternative forum: (a) the Court of Chancery of the State of Delaware (the " Chancery Court ") (or, in the event that the Chancery Court does not have jurisdiction, the federal district court or other state courts located within the State of Delaware) shall be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on our behalf, (ii) any action, suit or proceeding asserting a breach of a fiduciary duty, (iii) any action, suit or proceeding arising pursuant to any provision of the ~~General Corporation Law of the State of Delaware (the "~~ DGCL ~~")~~ or our Certificate of Incorporation or Bylaws or (iv) any action, suit or proceeding asserting a claim against us that is governed by the internal affairs doctrine; and (b) subject to the preceding provisions, federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint or cause of action arising under the Securities Act of 1933, as amended, including all causes of action asserted against any defendant to such complaint. We refer to the above provisions as the forum selection provisions and we refer to the bylaw provision governing causes of action under the Securities Act of 1933 as the federal forum selection provision. The Bylaws further enable us to initiate an action against a stockholder to enforce the forum selection provisions should the stockholder sue, or threaten to sue, in another jurisdiction. Notwithstanding the foregoing, the forum selection provisions shall not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. Our forum selection provisions do not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders are not deemed to have waived our compliance with the same. Any person or entity purchasing or otherwise acquiring any interest in security of our Company is deemed to have notice of and consented to the forum selection provisions. These forum selection provisions may impose additional costs on stockholders pursuing claims described above. They may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other team members or stockholders, which may discourage the filing of lawsuits against our Company and our officers and directors, even though an action, if successful, might benefit stockholders. The Chancery Court and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to our company than our stockholders. Section 22 of the Securities Act of 1933 creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act of 1933. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act of 1933 be brought in federal court are ' facially valid' under Delaware law, there is uncertainty as to whether other courts will enforce that provision. If a court were to find any forum selection provision contained in our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial conditions. The forum selection provisions may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. Significant stockholders or potential stockholders may attempt to effect changes or acquire control over our Company, which could adversely affect our results of operations and financial condition. Stockholders may from time to time attempt to effect changes, engage in proxy solicitations or advance stockholder proposals, all of which may increase with the effectiveness of SEC universal proxy rules. Responding to proxy contests and other actions by activist stockholders can be costly and time- consuming, disrupting our operations and diverting the attention of our Board of Directors and senior management from the pursuit of business strategies. As a result, stockholder campaigns could adversely affect our results of operations and financial condition. General Risk Factors Disruptions in the overall economy and the...... to our western United States markets. If we lose key management or are unable to attract and retain the talent required for our business, our operating results could suffer. Our future success depends to a significant degree on the skills, experience and efforts of Steven G. Miller, our Chairman, President and Chief Executive Officer, and other key personnel with longstanding tenure who are not obligated to stay with us. The loss of the services of any of these individuals for any reason could harm our business and operations. In addition, as our business grows and evolves, we will need to attract and retain additional qualified management personnel in a timely manner to hire, develop, train and manage an increasing number of middle- level management, sales associates and other employees. During fiscal 2022 and continuing into fiscal 2023, competition for qualified employees intensified, requiring us to pay higher wages. In the future, increases in the cost of living in our market areas could require us to pay higher wages and benefits to attract a sufficient number of qualified employees and increases in the minimum wage or other employee benefit costs could increase our operating expense. If we are unable to attract and retain personnel as needed in the future, our net sales growth and operating results may suffer. Our information technology systems are critical to the functioning of our business and are vulnerable to failure, damage, theft or intrusion that could harm our operations. Our success, in particular our ability to successfully manage inventory levels and process customer transactions, largely depends upon the efficient operation of our IT systems. We use IT systems to track inventory at the store level and aggregate daily sales information, communicate customer information and process purchasing card transactions, process shipments of goods and report financial information. These systems and our operations are vulnerable to damage or interruption from: • earthquake, fire, flood and other natural disasters; • failed system implementations; • power loss, computer systems failures, Internet and telecommunications or data network failures, third- party vendor system failures, operator negligence, improper operation by or supervision of employees; • physical and electronic loss of data, security breaches, misappropriation, data theft and similar events; and • computer viruses, worms, Trojan horses, intrusions, or other external threats. Any failure of our IT systems that causes an interruption in our operations, loss of data, or a decrease in inventory tracking could result in reduced net sales and profitability. Additionally, if any data intrusion, security breach, misappropriation or theft were to occur, we could incur significant costs in responding to such event, including responding to any resulting claims, litigation or investigations, which could harm our operating results. Breach of data security or other unauthorized disclosure of sensitive or confidential information could harm our business, employees and standing with our customers. The protection of our customer, employee and business data is critical to us. Our business, like that of most retailers, involves the receipt, storage and transmission of customers' personal information, consumer preferences and payment card information, as well as confidential information about our employees, our suppliers and our Company. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of all such data, including confidential information. Despite the security measures we have in place, our facilities and systems, and those of our third- party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, data theft, misplaced or lost data, programming or human errors, or other similar events. Unauthorized parties may attempt to gain access to our systems or information through fraud or other means, including deceiving our employees or third- party service providers. The methods used to obtain unauthorized access, disable or degrade service, or sabotage systems are also constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. We have implemented and regularly review and update our control systems, processes and procedures to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever- evolving threats mean we must continually evaluate and adapt our systems and processes, and there is no guarantee that they will be adequate to safeguard against all data security breaches or misuses of data. Any security breach involving the misappropriation, loss or other unauthorized disclosure of customer payment card or personal information or employee personal or confidential information, whether by us or our vendors, could damage our reputation, expose us to risk of regulatory enforcement, litigation and liability, disrupt our operations, harm our business and have an adverse impact upon our net sales and profitability. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and changing requirements applicable to our business, compliance with those requirements could also result in additional costs. Terrorism and the uncertainty of war may harm our operating results. Terrorist attacks or acts of war may cause damage or disruption to us and our employees, facilities, information systems, vendors and customers, which could significantly impact our net sales, profitability and financial condition. The ongoing ~~conflict~~ **conflicts** in Ukraine **and the Middle East** may lead to disruption in the global supply chain, rising fuel costs, or cybersecurity risks, and economic instability generally, any of which could materially and adversely affect our business and results of operations. Terrorist attacks could also have a significant impact on ports or international shipping on which we are substantially dependent for the supply of much of the merchandise we sell. Our corporate headquarters is located near Los Angeles International Airport and the Port of Los Angeles, which have been identified as potential terrorism targets. The potential for future terrorist attacks, the national and international responses to terrorist attacks and other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we cannot currently predict. Military action taken in response to such attacks could also have a short or long- term negative economic impact upon the financial markets, international shipping and our business in general. Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results. Accounting principles generally accepted in the United States of America and related accounting standards, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, such as revenue recognition; income taxes; the carrying amount of merchandise inventories, property and equipment, lease assets and lease liabilities; valuation allowances for receivables, sales returns and deferred income tax assets; estimates related to stored- value card breakage and the valuation of share- based compensation awards; and obligations related to litigation, self- insurance liabilities and employee benefits are highly complex and may involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.