Risk Factors Comparison 2024-03-15 to 2023-03-13 Form: 10-K

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Set forth below are material risks and uncertainties that could adversely affect our results of operations, financial condition or cash flows and cause our actual results to differ materially from those expressed in forward- looking statements made by us. Although we believe that we have identified and discussed below the key risks and uncertainties affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be material that may adversely affect our results of operations, financial condition or cash flows. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this Annual Report. Macroeconomic, Industry and Business Risks A downturn in general economic conditions or consumer spending or inflationary conditions could adversely affect our business. Consumer spending ~~habits~~ **levels and shopping behaviors** are affected by **various economic conditions, which can affect our business or the retail industry generally as a result. These factors include** , among other things, prevailing global economic conditions, inflation (including the costs of basic necessities and other goods), levels of employment, salaries and wage rates, prevailing interest rates, housing costs, energy costs, commodities pricing, income tax rates and policies, consumer confidence and consumer perception of economic conditions. In addition, consumer purchasing patterns may be influenced by consumers' disposable income, credit availability and debt levels. Slowdown in the U. S. economy, an uncertain global economic outlook, interest rate volatility, or a credit crisis could adversely affect consumer spending habits, resulting in lower net sales and profits than expected on a quarterly or annual basis. Consumer confidence is also affected by the domestic and international political situation and periods of social unrest. The occurrence of terrorist acts or other hostilities in or affecting the U. S. could lead to a decrease in spending by consumers. In addition, natural disasters, industrial accidents, acts of war **or global international conflicts (such as the conflict in Ukraine or the Hamas- Israel war)** , and public health issues **(** such as pandemics or epidemics **)** could have the effect of disrupting supplies and raising prices globally which, in turn, may have adverse effects on the world and U. S. economies and lead to a downturn in consumer confidence and spending **. Certain of these risks, such as risks arising from political volatility, may be enhanced in 2024 and other election years** . We have also experienced inflationary pressure in our supply chain and with respect to raw materials and finished goods to a greater extent than we have in recent years due to current economic conditions. There can be no assurance that we will be able to offset inflationary pressure and other fluctuations in costs in the future, or that consumer behavior or our business, operations, liquidity, and / or financial results, will not be negatively affected by continued inflation in the future. We may not be able to adequately increase our prices over time to offset increased costs, whether due to inflation or otherwise. Any decreases in consumer discretionary spending could result in a decrease in store traffic and same store sales, all of which could negatively affect the Company' s business, operations, liquidity, financial results and / or stock price, particularly if consumer spending levels are depressed for a prolonged period of time. ~~The COVID- 19 pandemic has significantly adversely impacted, and future outbreaks of COVID- 19, new COVID- 19 variants or other public health- related concerns could adversely impact, our business. The COVID- 19 pandemic disrupted our business and had a significant adverse impact on our financial performance and condition, operating results, liquidity and cash flows. In particular, in Fiscal 2020, the Company temporarily closed all of its stores, distribution centers (other than processing of received inventory) and corporate offices for a period of months to combat the rapid spread of COVID- 19. In addition, as a result of the uncertainty regarding the COVID- 19 pandemic, the Company took a number of measures in Fiscal 2020 to manage its liquidity, including careful management of operating expenses, working capital and capital expenditures, as well as temporarily suspending the Company' s share repurchase program. The COVID- 19 pandemic had a sustained adverse impact on global economic activity and caused significant volatility and negative pressure in financial markets, labor markets and the global supply chain. During the COVID- 19 pandemic, governmental authorities nationally and locally took, and may in the future take, numerous actions in an effort to slow the spread of COVID- 19, including travel restrictions, restrictions on public gatherings, " shelter at home " orders and advisories, temporary closure of non- essential businesses and quarantining of people who may have been exposed to the virus. While the impact of the COVID- 19 pandemic on our business has largely abated at this time, and the U. S. has announced that the COVID- 19 health emergency will expire in May 2023, the impact of COVID- 19, including the impact of restrictions imposed to combat its spread, could adversely impact our business, in particular in the event that infection rates in the U. S. rise or new COVID- 19 variants emerge. Future outbreaks of the COVID- 19 pandemic, new COVID- 19 variants or other public health- related concerns could adversely impact and cause disruption to our business, financial performance and condition, operating results, liquidity and cash flows. Factors that could negatively impact our ability to successfully operate during future outbreaks of the COVID- 19 pandemic, new COVID- 19 variants or other public health- related concerns, either more broadly or within our stores, include: • our ability to continue to operate and preserve liquidity; • our ability to retain and incentivize associates; • our ability to manage supply chain disruptions due to closed factories or distribution centers or other events, reduced workforces or labor shortages, increased labor and materials costs, scarcity of raw materials and scrutiny or embargoing of goods produced in affected areas; • reduced demand for the merchandise we sell or our ability to move existing inventory, including potentially having to sell existing inventory at a discount or write- down the value of inventory, and the costs, challenges and expenses of updating, procuring and replacing inventory; • delays in, or our ability to complete, planned store openings on the expected terms or timing, or at all; • fluctuations in regional and local economies, including inflation, and related impacts on consumer confidence and spending; • our ability to attract customers to our stores, and the willingness of our associates to staff our stores and distribution centers, given the risks, or perceived risks, of gathering~~

~~in public places; • our ability to negotiate payment terms with vendors and landlords; • the impact of pandemic- related litigation or claims from customers, associates, suppliers, regulators or other third parties; • incremental costs to operate during a pandemic, including costs of implementing additional safety measures; and • difficulty accessing debt and equity capital on attractive terms, or at all, to fund business operations or address maturing liabilities. The extent of future outbreaks of the COVID- 19 pandemic, new COVID- 19 variants or other public health- related concerns on our business, financial performance and condition, operating results, liquidity and cash flows will depend largely on future developments, including the production and administration of effective medical treatments and vaccines, the timing and extent of the recovery in traffic and consumer spending at our stores, additional costs and delays related to our supply chain, reduced workforces or labor shortages and scarcity of raw materials, and any future required store closures, all of which are highly uncertain and cannot be predicted. To the extent that future outbreaks of the COVID- 19 pandemic, new COVID- 19 variants or other viruses adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described throughout this Annual Report.~~ We face increased competition from other retailers that could adversely affect our business. The retail sector is highly competitive, and retailers are constantly adjusting their business models, promotional activities and pricing strategies in response to changing conditions. We compete on the basis of a combination of factors, including, among others, price, breadth, quality and style of merchandise offered, in- store experience, level of customer service, ability to identify and respond to new and emerging fashion trends, brand image and scalability. We compete with a wide variety of retailers for customers, vendors, suitable store locations and personnel **. Some of our competitors are larger than we are or have more experience than we do in selling certain product lines or through certain channels. Additionally, existing competitors may consolidate with other retailers, expand their merchandise offerings, expand their e- commerce capabilities, and / or add new sales channels, change their pricing strategies, or use technology more effectively than we do, including the use of artificial intelligence. More generally, consumer e- commerce spending may continue to increase, as it has in recent years, while our business is exclusively in brick- and- mortar stores. If we fail to compete effectively, our sales and results of operations could be adversely affected** . In order to increase traffic and drive consumer spending, competitors, including department stores, mass merchants and specialty apparel stores, have been offering brand- name merchandise at substantial markdowns. Continuation of this trend, or the possible effect on consumer buying patterns that improving economic conditions could have, may cause consumer demand to shift from off- price retailers to other retailers, which could have a material adverse effect on our business and results of operations. Certain traditional, full- price retail chains have developed off- price concepts, which may directly compete with our business. Our competitors, including such retail chains, may seek to emulate facets of our business strategy, which could result in a reduction of any competitive advantage or special appeal that we might possess. In addition, most of our products are sold to us on a non- exclusive basis. As a result, our current and future competitors may be able to duplicate or improve on some or all of our product offerings that we believe are important in differentiating our stores. If our competitors were to duplicate or improve on some or all of our in- store experience or product offerings, obtaining the products we sell may become increasingly difficult, competition for customers may increase, and our competitive position and our business could suffer. Our net sales, operating income and inventory levels fluctuate on a seasonal basis. Our net sales and operating income fluctuate seasonally, with a higher level of our operating income typically realized during the second half of the year. Any decrease in sales or margins during this period could have a disproportionate effect on our financial condition and results of operations. Seasonal fluctuations also affect our inventory levels. We must carry a significant amount of inventory, especially before the holiday season selling period. If we are not successful in selling our inventory, we may have to write down our inventory or sell it at significantly reduced prices or we may not be able to sell such inventory at all, which could have a material adverse effect on our financial condition and results of operations. A reduction in traffic to, or the closing of, the other destination retailers in the shopping areas where our stores are located could significantly reduce our sales. Many of our stores are strategically located in off- mall shopping areas known as " power centers. " Power centers typically contain three to five big- box anchor stores along with a variety of smaller specialty tenants. Due to many of our stores being located in such shopping areas, our sales are derived, in part, from the volume of traffic generated by the other destination retailers and the anchor stores in power centers where our stores are located. Customer traffic to these shopping areas may be adversely affected by the closing of such destination retailers or anchor stores, or by a reduction in traffic to such stores resulting from a regional or global economic downturn, a general downturn in the local area where our store is located, **increased competition from alternative retail options such as those accessible via the internet** or a decline in the desirability of the shopping environment of a particular power center. Such a reduction in customer traffic would reduce our sales and leave us with excess inventory, which could have a material adverse effect on our business, financial condition, profitability and cash flows. We may respond by increasing markdowns or transferring product to other stores to reduce excess inventory, which would further decrease our gross profits and net income. Failure to identify customer trends and preferences to meet customer demand could negatively impact our performance and reputation. Because our success depends on our ability to meet customer demand, we work to follow customer trends and preferences on an ongoing basis and to buy inventory in response to those trends and preferences. However, identifying consumer trends and preferences in the diverse product lines and many markets in which we do business and successfully meeting customer demand across those lines and for those markets on a timely basis is challenging. Although our flexible business model allows us to buy close to need and in response to consumer preferences and trends, and to expand and contract merchandise categories in response to consumers' changing tastes, we may not do so successfully, which could adversely affect our sales and the markdowns required to move the resulting excess inventory will adversely affect our operating margins. Customers may also have expectations about how they shop in stores, or more generally engage with businesses across different channels or media (through internet- based and other digital or mobile channels or particular forms of social media), which may vary across demographics and may evolve rapidly. Customers are increasingly using technology and mobile devices to rapidly compare products and prices and to purchase products. Failure to effectively meet these changing expectations and demands may adversely impact our reputation and our financial results. We may be unable to meet our environmental, social or governance (“ ESG ”) goals or otherwise meet the expectations of our stakeholders with respect to ESG matters. Many stakeholders, including investors, customers, employees, consumers and others, have increasingly focused on ESG topics, including environmental sustainability and corporate social responsibility matters such as climate change, packaging and waste reduction, energy consumption, and diversity, equity and inclusion **in a variety of ways that are not necessarily consistent** . We face pressures from ~~these~~ **certain** constituencies to meet our goals related to, and to make significant advancements toward achievements in, these areas. Achievement of our goals is subject to risks and uncertainties, many of which are outside of our control, and it is possible that we may fail to achieve these goals or that these constituencies may not be satisfied with the goals we set or our efforts to achieve them. Our disclosure on these matters and our failure, or perceived failure, to meet our goals and otherwise effectively address these matters, could harm our reputation, which could negatively impact our business, our relationship with our various stakeholders, and our results of operations. In addition, **we could be criticized for the scope of our ESG initiatives. Our failure to meet shifting stakeholder expectations could negatively impact our brand, image, reputation, credibility, and the willingness of our customers and suppliers to do business with us. In addition,** developing and acting on ESG initiatives, including collecting, measuring and reporting related data, can be costly, difficult and time consuming. Significant expenditures and commitment of time by management, employees and outside advisors may be involved in developing, implementing and overseeing policies, practices and internal controls related to ESG risk and performance, and we may undertake additional costs to control, assess and report on ESG metrics as the nature, scope and complexity of ESG reporting, diligence and disclosure requirements expand. ~~Such~~ **For example, the State of California recently passed the Climate Corporate Data Accountability Act and the Climate- Related Financial Risk Act that will impose broad climate-related disclosure obligations on companies doing business in California. In addition, the SEC has adopted final rulemaking on climate change disclosures that could increase compliance burdens and associated regulatory** costs ~~may have an~~ **and complexity** ~~adverse impact our business and results of operations~~ . We also may face potential governmental enforcement actions or private litigation challenging our ESG and sustainability goals, or our disclosure of those goals and our metrics for measuring achievement of them, which may increase our costs of compliance **, damage our reputation, or cause investors or consumers to lose confidence in us** . Extreme and / or unseasonable weather conditions caused by climate change or otherwise, or natural disasters, could have a significant adverse effect on our business. Our business is susceptible to risks associated with climate change, which may cause more frequent and extreme weather events. Extreme weather conditions in the areas in which our stores or distribution centers are located- especially in areas with a high concentration of our stores- could have a material adverse effect on our business, financial condition and results of operations. For example, heavy snowfall or other extreme weather conditions over a prolonged period, caused by climate change or otherwise, might make it difficult for our customers or employees to travel to our stores. In addition, natural disasters such as hurricanes, tornados, floods, earthquakes, and other extreme weather or climate conditions, or a combination of these or other factors, could severely damage or destroy one or more of our stores or distribution facilities located in the affected areas, or disrupt our computer systems, thereby disrupting our business operations. Any of these events or circumstances also could disrupt the operations of one or more of our vendors. Day- to- day operations, particularly our ability to receive products from our vendors or transport products to our stores, could be adversely affected, or we could be required to close stores. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the Fall or Winter seasons or cool weather during the Spring or Summer seasons could render a portion of our inventory incompatible with those unseasonable conditions, particularly in light of our historical product mix. These prolonged unseasonable weather conditions could adversely affect our business, financial condition and results of operations. In addition, because higher net sales historically have occurred during the second half of the year, unseasonably warm weather during these months could have a disproportionately large effect on our business and materially adversely affect our financial condition and results of operations. **Public health crises, epidemics or pandemics, such as the COVID- 19 pandemic have had, and could in the future have, a negative impact on the Company’ s business and operations. Public health crises, epidemics or pandemics have had, and could in the future have, a negative impact on our business and operations, including Company sales and cash flow. Such public health crises, epidemics and pandemics have the potential to create significant volatility, uncertainty and worldwide economic disruption, resulting in an economic slowdown of potentially extended duration, as seen with the COVID- 19 pandemic. Such public health crises, epidemics and pandemics, could adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described throughout this Annual Report.** Strategic Risks We may not be able to sustain our growth plans or successfully implement our long- range strategic goals. Our growth largely depends on our ability to successfully open and operate new stores, as well as to expand our distribution capabilities in order to support that growth. While we have identified numerous market opportunities that we believe will allow us to operate 2, 000 stores over the long term, the success of these strategies is dependent upon, among other things, the current retail environment, the identification of suitable markets and the availability of real estate that meets our criteria for traffic, square footage, co- tenancies, lease economics, demographics and other factors, the negotiation of acceptable lease terms, construction costs, the availability of financing, the hiring, training and retention of competent sales personnel, and the effective management of inventory to meet the needs of new and existing stores on a timely basis. Notably, as we continue to evolve our off- price model, we plan on more effectively chasing the sales trend, making greater investments in our merchandising capabilities, operating with leaner inventories, improving operational flexibility, and challenging expenses, among other strategic initiatives. Executing these initiatives while also maintaining the current pace of our expansion may place increased demands on our operational, managerial and administrative resources. These initiatives may require us to increase the number of merchants and other associates we employ, modify how we manage our liquidity and inventory, as well as to monitor and upgrade our management information and other systems and our distribution infrastructure. We may not be able to successfully execute our growth and other strategies on a timely basis or at all. If we fail to implement these strategies successfully, if we cannot keep up with the pace required for execution, or if these strategies do not yield the desired outcomes, our financial condition and results of operations would be adversely affected. Failure to execute our opportunistic buying and inventory management process could adversely affect our business. We purchase the majority of our inventory opportunistically, with our buyers purchasing close to need. Establishing the " treasure hunt " nature of the off- price buying experience to drive traffic to our stores requires us to offer changing assortments of merchandise in our stores. While opportunistic purchasing provides our buyers the ability to buy at desirable times and prices, in the quantities we need and into market trends, it places considerable discretion with our buyers, which subjects us to risks related to the pricing, quantity, nature and timing of inventory flowing to our stores. If we are unable to provide frequent replenishment of fresh, high quality, attractively priced merchandise in our stores, it could adversely affect traffic to our stores as well as our sales and margins. We base our purchases of inventory, in part, on our sales forecasts. If our sales forecasts do not match customer demand, we may experience higher inventory levels and need to mark down excess or slow- moving inventory, leading to decreased profit margins, or we may have insufficient inventory to meet customer demand, leading to lost sales, either of which could adversely affect our financial performance. We need to purchase inventory sufficiently below conventional retail to maintain our pricing differential to regular department and specialty store prices, and to attract customers and sustain our margins, which we may not achieve at various times and which could adversely affect our results. In order to better serve our customers and maximize sales, we must properly execute our inventory management strategies by appropriately allocating merchandise among our stores, timely and efficiently distributing inventory to such locations, maintaining an appropriate mix and level of inventory in such locations, appropriately changing the allocation of floor space of stores among product categories to respond to customer demand, and effectively managing pricing and markdowns, and there is no assurance we will be able to do so. In addition, as we execute inventory localization initiatives, there could be disruptions in inventory flow and placement. Failure to effectively execute our opportunistic inventory buying and inventory management strategies could adversely affect our performance and our reputation. In addition to our own execution, we may need to react to factors affecting inventory flow that are outside our control, such as adverse weather, natural disasters, epidemics or pandemics ~~(including COVID- 19)~~ or other changes in conditions affecting our vendors and others in our supply chain, such as political instability, labor issues (including strikes or threats of strikes and scarcity of labor) and increased labor costs, reduced freight capacity and other transportation issues, or increasing cost of regulations. If we are not able to adjust appropriately to such factors, our inventory management may be affected, which could impact our performance and our reputation. Operational Risks If we cannot optimize our existing stores or maintain favorable lease terms, our growth strategy and profitability could be negatively impacted. We lease substantially all of our store locations. Most of our current leases expire at various dates after ten- year terms, the majority of which are subject to our option to renew such leases for several additional five- year periods. While we have the right to terminate some of our leases under specified conditions, including by making specified payments, we may not be able to terminate a particular lease if or when we would like to close a particular store. If we decide to close stores, we are generally required to continue to perform obligations under the applicable leases, which generally include, among other things, paying rent and operating expenses for the balance of the lease term, or paying to exercise rights to terminate, and performing any of these obligations may be expensive. When we assign leases or sublease space to third parties, we may remain liable on the lease obligations, which could lead to significant expense if the assignee or sublessee does not perform. In addition, when the lease terms for the stores in our ongoing operations expire, our ability to renew such expiring leases on commercially acceptable terms or, if such leases cannot be renewed, our ability to lease a suitable alternative location, and our ability to enter into leases for new stores on favorable terms will each depend on many factors, some of which may not be within our control, such as conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective lessors. As we renew and replace our store leases, we also strive to optimize the size of our existing stores to ensure maximum space utilization, which frequently means adjusting operations to accommodate smaller space through alternative floor plans and inventory turn optimization. In addition, to the extent that our new store openings are in existing markets, we may experience reduced net sales volumes in existing stores in those markets. If we experience a decline in performance or lease payment allowances from our lessors become unavailable, we may slow or discontinue store openings, relocations, refreshes and / or remodels. If any of the foregoing occurs, our growth and profitability may be negatively impacted. If we are unable to purchase attractive brand name merchandise in sufficient quantities at competitive prices, we may be unable to offer an appealing merchandise mix and our sales may be harmed. Our ability to purchase merchandise opportunistically from third party vendors depends upon the continuous, sufficient availability of high - quality merchandise that we can acquire at prices sufficiently below those paid by conventional retailers in order to achieve the value proposition we strive to provide to our customers. Some of our key vendors may limit the number of retail channels they use to sell their merchandise, which may result in intense competition among retailers to obtain and sell these goods. Moreover, we typically buy products from our vendors on a purchase order basis. We have no long- term purchase contracts with any of our vendors and, therefore, have no contractual assurances of continued supply, pricing or access to products, and any vendor could change the terms upon which they sell to us or discontinue selling to us at any time. Finally, if our vendors are better able to manage their inventory levels and reduce the amount of their excess inventory, the amount of high - quality merchandise available to us could be materially reduced. If our relationships with our vendors are disrupted, we may not be able to acquire the merchandise we require in sufficient quantities or on terms acceptable to us. Any inability to acquire high quality merchandise would have a negative effect on our business and operating results because we would be missing products from our merchandise mix unless and until alternative supply arrangements were made, resulting in deferred or lost sales. In addition, events that adversely affect our vendors could impair our ability to obtain desired merchandise in sufficient quantities. Such events include difficulties or problems associated with our vendors' businesses, finances, labor, importation of products, costs, production, insurance and reputation. Our failure to attract, train and retain quality employees and temporary personnel in sufficient numbers could adversely affect our business. Our performance depends on recruiting, developing, training and retaining quality store, distribution center and other employees in large numbers as well as experienced buying and management personnel, and we invest significant resources in training and motivating them to maintain a high level of job satisfaction. Many of our store and distribution center employees are in entry level or part- time positions with historically high rates of turnover, which can lead to increased training and retention costs, particularly if employment opportunities increase. Availability and skill of employees may differ across markets in which we do business and in new markets we enter, and we need to manage our labor needs effectively. In addition, because of the distinctive nature of our off- price model, we must provide significant internal training and development for key employees across the company, including within our buying organization. Similar to other retailers, we face challenges in securing and retaining sufficient talent in management and other key areas for many reasons, including competition in the retail industry generally and for talent in various geographic markets. If we do not continue to attract qualified individuals, train them in our business model, support their development and retain them, our performance could be adversely affected or our growth could be limited. We are also dependent upon temporary personnel to adequately staff our distribution facilities, with heightened dependence during busy periods such as the holiday season. Although we strive to secure long- term contracts on favorable terms with our service providers and other vendors, we may not be able to avoid unexpected operating cost increases in the future, such as those associated with minimum wage increases or enhanced health care requirements. In addition, there can be no assurance that we will receive adequate assistance from our temporary personnel, or that there will be sufficient sources of suitable temporary personnel to meet our demand. Any such failure to meet our staffing needs or any material increases in associate turnover rates could have a material adverse effect on our business or results of operations. Further, any negative publicity regarding the agencies from which we source temporary personnel, such as in connection with immigration issues or employment practices, could damage our reputation, disrupt our ability to obtain needed labor or result in financial harm to our business. Labor costs, including healthcare costs, and other challenges from our large workforce may adversely affect our results and profitability. We have a large workforce, and our ability to meet our labor needs while controlling costs, including costs of providing health, retirement and other associate benefits, is subject to various factors such as unemployment levels; prevailing wage rates and minimum wage requirements; participant benefit levels; economic conditions; interest rate changes; health and other insurance costs; and the regulatory environment, including health care legislation, and with respect to governmental labor and employment and associate benefits programs and requirements. When wage rates or benefit levels increase in the market or the unemployment rate is otherwise low, increasing our wages or benefits to compete for employees may cause our earnings to decrease, while failing to increase our wages or benefits competitively or reducing our wages or benefits could result in a decline in our ability to attract or retain employees or in the quality of our workforce, causing our customer service or performance to suffer, which could negatively impact our results. Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us. We are party to contracts, transactions and business relationships with various third parties, including vendors, suppliers, service providers and lenders, pursuant to which such third parties have performance, payment and other obligations to us. In some cases, we depend upon such third parties to provide essential leaseholds, products, services or other benefits, including with respect to store and distribution center locations, merchandise, advertising, software development and support, logistics, other agreements for goods and services in order to operate our business in the ordinary course, extensions of credit, hedging instruments and other vital matters. Economic, industry and market conditions could result in increased risks to us associated with the potential financial distress of such third parties. If any of the third parties with which we do business become subject to bankruptcy, receivership or similar insolvency proceedings, our rights and benefits in relation to our contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could negatively affect our cash flows, financial condition and results of operations. Many of our vendors produce merchandise overseas, and our business is exposed to the risk of foreign and domestic operations and international tax policies and trade relations. We do not own or operate any manufacturing facilities. As a result, we are dependent upon the timely receipt of quality merchandise from vendors, many of which produce merchandise overseas. Factors which affect overseas production could affect our vendors and, in turn, our ability to obtain inventory and the price levels at which they may be obtained. Factors that cause an increase in merchandise costs or a decrease in supply could lead to generally lower sales and gross margins in the retail industry. Such factors include: • political or labor instability in countries where vendors are located or at foreign ports which could result in lengthy shipment delays, which, particularly if timed ahead of the Fall and Winter peak selling periods, could materially and adversely affect our ability to stock inventory on a timely basis; • disruptions in the operations of domestic ports through which we import our merchandise, including labor disputes involving work slowdowns, lockouts or strikes, which could require us and / or our vendors to ship merchandise to alternative ports in the United States or through the use of more expensive means, and shipping to alternative ports in the United States could result in increased lead times and transportation costs; disruptions at ports through which we import our goods could also result in unanticipated inventory shortages; • political or military conflict, which could cause a delay in the transportation of our products to us and an increase in transportation costs; • heightened terrorism security concerns, which could subject imported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods; • disease epidemics, pandemics ~~(including COVID- 19)~~ , outbreaks and other health- related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in affected areas; • natural disasters and industrial accidents, which could have the effect of curtailing production and disrupting supplies; • increases in labor and production costs in goods- producing countries, which would result in an increase in our inventory costs; • the migration and development of manufacturers, which can affect where our products are or will be produced; • fluctuation in our vendors' local currency against the dollar, which may increase our cost of goods sold; and • changes in import duties, taxes, charges, quotas, loss of " most favored nation " trading status with the United States for a particular foreign country and trade restrictions (including the United States imposing antidumping or countervailing duty orders, safeguards, remedies or compensation and retaliation due to illegal foreign trade practices). Any of the foregoing factors, or a combination thereof, could have a material adverse effect on our business. Over the past few years, uncertainty has increased with respect to tax and trade policies, tariffs and government regulations affecting trade between the U. S. and other countries. Although we source the majority of our merchandise from third party vendors located in the U. S., the production of that merchandise occurs primarily overseas. As a result, we continue to evaluate the impact of currently effective tariffs, as well as any additional proposed tariffs, on our supply chain, costs, sales and profitability. We can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade actions will be successful. In addition, other major developments in tax policy or trade relations, such as the disallowance of tax deductions for imported merchandise or the imposition of additional unilateral tariffs on imported products, could increase the cost of products purchased from suppliers in such countries or restrict the importation of products from such countries, which in turn could have a material adverse effect on our business, results of operations and liquidity. Any disruption to our distribution network could cause disruptions in our business, a loss of sales and profits, increases in our expenses, and other material adverse effects. Most of the merchandise we purchase is shipped directly to our distribution centers, where it is prepared for shipment to the appropriate stores. The success of our stores depends **in part** on their timely receipt of merchandise, and a strong, efficient and flexible distribution network is critical to our ability to grow and to maintain a low- cost operating structure. A disruption within our distribution network, including the shutdown of or loss of significant capacity by one or more of our current primary distribution centers ~~, such as we experienced in Spring 2020 as a result of the COVID- 19 pandemic,~~ could adversely affect our ability to deliver inventory in a timely manner and significantly disrupt our business. In addition, any failure to continue to add capacity to our existing distribution centers and build out planned additional distribution centers timely and cost effectively could adversely affect our business. In addition to the distribution centers that we operate, we have arrangements with third parties for the use of pool point facilities, which we believe streamline and optimize our distribution network. If complications arise with a pool point facility or its operator, or if any such facility is severely damaged or destroyed, it may cause delays in the delivery of our merchandise to our stores. We also may be affected by disruptions in the global transportation network such as port strikes, weather conditions, work stoppages or other labor unrest, which may also adversely affect our ability to deliver inventory on a timely basis. We also depend upon third- party carriers for shipment of merchandise; any interruption in service by these carriers for any reason could cause disruptions in our business, a loss of sales and profits, and other material adverse effects. ~~Finally, outbreaks of the COVID- 19 pandemic, new COVID- 19 variants or other public- health related concerns could lead us to experience supply disruptions, reduced workforces or labor shortages, transportation delays, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas, each of which could have a material adverse effect on our business and results of operations.~~ If we are unable to protect our information systems against service interruption, misappropriation of data, breaches of security, or other cyber- related attacks, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged. We rely extensively on various information systems, including data centers, hardware, software and applications to manage many aspects of our business, including to process and record transactions in our stores, to enable effective communication systems, to plan and track inventory flow, to manage logistics and to generate performance and financial reports. In addition, some aspects of our business, like that of most retailers, involve the receipt, storage and transmission of customers' personal information and consumer preferences, as well as confidential information about our employees, our vendors and our Company, some of which is entrusted to third- party service providers and vendors. We are dependent on the integrity, security and consistent operations of these systems and related back- up systems, software, tools (including encryption technology) and monitoring to provide security and oversight for processing, transmission, storage and the protection of such confidential information. Like most major corporations ~~, however~~ , we, our customers and our third- party services providers face an evolving, increasing threat landscape in which cybercriminals, among others, employ a complex array of techniques designed to access personal and other information, including, for example, the use of fraudulent or stolen access credentials, malware, ransomware, phishing, denial of service and other types of attacks. Hardware, software or applications we develop or obtain from third parties may contain defects in design or manufacture or other problems that are not presently known and could unexpectedly compromise information security. In addition, our employees, contractors or third parties with which we do business or to which we outsource business operations may attempt to circumvent our security measures in order to misappropriate such information, and may purposefully or inadvertently cause a breach involving such information or become subject to various other cyber- crimes. Further, our computer systems and the third- party systems of our vendors are also subject to damage or interruption from a number of non- criminal causes, including power outages; computer and telecommunications failures; computer viruses; and design or usage errors by our employees or contractors **. Moreover, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks** . If we or third parties with which we do business were to fall victim to successful cyber- attacks or experience other material cybersecurity incidents, including the loss of individually identifiable customer or other sensitive data, we may incur substantial costs and suffer other negative consequences, which may include: • remediation costs, such as liability for stolen assets or information, repairs of system damage or replacement of systems, and incentives to customers or business partners in an effort to maintain relationships after an attack; • increased cybersecurity protection costs, which may include the cost of continuing to make organizational changes, deploy additional personnel and protection technologies, train employees, and engage third party consultants; • lost revenues resulting from the unauthorized use of proprietary information or the failure to retain or attract customers following an attack; • litigation and legal risks, including regulatory actions by state and federal governmental authorities; • increased cybersecurity and other insurance premiums; • reputational damage that adversely affects customer or investor confidence; and • damage to our competitiveness, stock price, and long- term stockholder value. We employ various security measures and technologies to actively monitor, prevent and mitigate cyber- attacks. Despite advances in security hardware, software, and encryption technologies, the methods and tools used to obtain unauthorized access, disable or degrade service, or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect, and there is no guarantee that the proactive measures we put in place will be adequate to safeguard against all data security breaches or misuses of data. As many of our non- store associates continue to work remotely, we face an increased risk due to the potential interruptions to internal or external information technology infrastructure as well as ongoing threats and attempts to breach our security networks. **The Company carries information security risk insurance that is designed to mitigate against certain potential losses arising from a cybersecurity incident. However, there is no guarantee that this insurance coverage will be sufficient to cover all possible claims and we could suffer losses that could have a material adverse effect on our business.** Although we endeavor to protect consumer identity and payment information through the implementation and modification of security technologies, processes and procedures, including training programs for employees to raise awareness about phishing, malware and other cyber risks ~~and certification of our major technology suppliers and any outsourced services through accepted security certification measures~~ , we could experience increased costs associated with maintaining these protections as threats of cyber- attacks increase in sophistication and complexity. In addition, there are inherent risks associated with modifying or replacing systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementing technology initiatives and the time and resources required to optimize the benefits of new elements of our systems and infrastructure could reduce the efficiency of our operations in the short term. We are subject to payment- related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business. We accept payments using a variety of methods, including cash, checks, credit and debit cards, and gift cards, and we may offer new payment options over time. Acceptance of these payment methods subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment- related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. As a result, our business and operating results could be adversely affected. Our future growth and profitability could be adversely affected if our advertising and marketing programs are not effective in generating sufficient levels of customer awareness and traffic. We rely on advertising to increase consumer awareness of our product offerings and pricing to drive traffic to our stores. In addition, we rely and will increasingly rely on other forms of media advertising, including digital, social media and e- marketing. Our future growth and profitability will depend in part upon the effectiveness and efficiency of our advertising and marketing programs. Our advertising and marketing programs may not be successful if we do not: • manage advertising and marketing costs effectively in order to maintain acceptable operating margins and return on our marketing investment; and • convert customer awareness into actual store visits and product purchases. Our planned advertising and marketing expenditures may not result in increased total or comparable store sales or generate sufficient levels of product awareness. Further, we may not be able to manage our advertising and marketing expenditures on a cost- effective basis. Additionally, some of our competitors may have substantially larger marketing budgets, which may provide them with a competitive advantage over us. Damage to our corporate reputation or brand could adversely affect our sales and operating results. Building brand reputation is important to our continuing success. Our reputation is partially based on perceptions of various subjective qualities and overall integrity. Any incident that erodes the trust or confidence of our customers or the general public could adversely affect our reputation and business, particularly if the incident results in significant adverse publicity or governmental inquiry. Such an incident could also include alleged acts or omissions by or situations involving our vendors (or their contractors or subcontractors), the landlords for our stores, or our associates outside of work, and may pertain to social or political issues or protests largely unrelated to our business. In addition, information concerning us, whether or not true, may be instantly and easily posted on social media platforms and similar devices at any time, which information may be adverse to our reputation or business. The harm may be immediate without affording us an opportunity for redress or correction. Damage to our reputation in any form could result in declines in customer loyalty and sales, affect our vendor relationships, development opportunities and associate retention, and otherwise adversely affect our business. The loss of executives or other key personnel may disrupt our business and adversely affect our financial results.We depend on the contributions of key personnel in various functions for our continued success.These executives and other key personnel may be hired by our competitors,some of which have considerably more financial resources than we do.The loss of key personnel,or the inability to hire,train,motivate and retain qualified employees,or changes to our organizational structure,operating results,or business model that adversely affect morale or retention,could adversely affect our business,financial condition and results of operations.Effective succession planning is also a key factor for our success.Our failure to enable the effective transfer of knowledge and facilitate smooth transitions with regard to key personnel could adversely affect our strategic planning and execution and negatively affect our business,financial condition and results of operations.If we fail to enable the effective transfer of knowledge and facilitate smooth transitions for key personnel,the operating results and future growth for our business could be adversely affected,and the morale and productivity of the workforce could be disrupted. Legal, Regulatory, Compliance and Tax Risks Difficulty complying with existing and changing laws, rules, regulations and local codes could negatively affect our business operations and financial performance. We are subject to federal, state and local laws, rules and regulations in the operation of our business. In addition to complying with current laws, rules and regulations, we must also comply with new and changing laws and regulations, new regulatory initiatives, evolving interpretation of existing laws by judicial and regulatory authorities, and reforms in jurisdictions where we do business. Complying with local zoning codes, real estate land use restrictions, employment- related laws, and other local laws across numerous jurisdictions is particularly challenging as we grow the number of our stores in new municipalities and need to stay abreast of changes in such local laws. The increasing proliferation of local laws, some of which may be conflicting, further complicates our efforts to comply with all of the various laws, rules and regulations that apply to our business. We could also be negatively impacted by changes in government regulations in areas including taxes, healthcare and environmental protection. All of the above legal, regulatory and administrative requirements may, individually or collectively, affect multiple aspects of our business, including those involving labor and employment benefits; health, welfare and finance; real estate management; consumer protection and product safety; climate change, supply chain, energy and waste; electronic communications, data protection and privacy; protection of third **-** party intellectual property rights; and income taxes. Changes to these laws and regulations could increase our costs of compliance or of doing business, and could adversely affect our operating results. In addition, we require our vendors to adhere to various conduct, compliance and other requirements, including those relating to employment and labor (including wages and working conditions), health and safety, and anti- bribery standards. Although we have implemented policies and procedures to facilitate compliance with laws and regulations, this does not guarantee that vendors and other third parties with whom we do business will not violate such laws and regulations or our policies. If we or other third parties with whom we do business fail to comply with these laws, rules and regulations, we may be subject to judgments, fines or other costs or penalties, which could materially adversely affect our business operations and financial performance. The insurance we carry may not always pay, or be sufficient to pay or reimburse us, for our losses. We are primarily self- insured and we purchase insurance only for catastrophic types of events for such risks as workers' compensation, employment practices liability, employee health benefits, product and other general liability claims, among others. If we suffer a substantial loss that is not covered by commercial insurance or our self- insurance reserves, the loss and related expenses could harm our business and operating results. Issues with **safety and** merchandise ~~safety and~~ shrinkage could damage our sales and financial results. Various governmental authorities in the jurisdictions where we do business regulate the safety of the merchandise we sell to consumers. Regulations and standards in this area, including those related to the U. S. Consumer Product Safety Improvement Act of 2008, state regulations like California' s Proposition 65, and similar legislation, impose restrictions and requirements on the merchandise we sell in our stores. These regulations change from time to time as new federal, state or local regulations are enacted. If we or our merchandise vendors are unable to comply with regulatory requirements on a timely basis or at all, or to adequately monitor new regulations that may apply to existing or new merchandise categories, significant fines or penalties could be incurred or we could have to curtail some aspects of our sales or operations, which could have a material adverse effect on our financial results. We rely on our vendors to provide quality merchandise that complies with applicable product safety laws and other applicable laws, but they may not comply with their obligations to do so. Although our arrangements with our vendors frequently provide for indemnification for product liabilities, the vendors may fail to honor those obligations to an extent we consider sufficient or at all. Issues with the safety of merchandise, and issues with the authenticity of merchandise, or customer concerns about such issues, regardless of our fault, could cause damage to our reputation and could result in lost sales, uninsured product liability claims or losses, merchandise recalls and increased costs, and regulatory, civil or criminal fines or penalties, any of which could have a material adverse effect on our financial results. An unfavorable, uncertain or volatile economic environment, as we have experienced recently as a result of inflation, rising interest rates ~~,~~ **and** supply chain disruptions ~~and COVID- 19~~ , among other things, has and may continue to cause an increase in inventory shrinkage. Risk of loss or theft of assets, including inventory shrinkage, is inherent in the retail business, and we experienced increased shrinkage, as well as increased loss prevention costs, in ~~Fiscal 2022~~ **recent years** . Loss or theft may be caused by error or misconduct of associates, customers, vendors, organized retail theft, or other third parties. Our inability to effectively prevent and / or minimize the loss or theft of assets, or to effectively reduce the impact of those losses, could **adversely affect our financial performance. Additionally, acts of violence at, or threatened against, our stores, including active shooter situations, may, in addition to other operational impact, result in damage and restricted access to our stores and / or store closures for short or extended periods of time, all of which could materially** adversely affect our financial performance. Compliance with increasingly rigorous privacy and data security regulations could be costly, affect or limit our business opportunities and how we collect and / or use data, and potentially subject us to fines and lawsuits. As described above, the protection of customer, employee, vendor and Company data is critical to our business. As the regulatory environment relating to retailers' and other companies' obligation to protect such sensitive data becomes increasingly rigorous, with new and evolving requirements applicable to our business, compliance with those requirements could result in additional costs and could have a significant impact on our current and planned privacy, data protection and information security- related practices, our collection, use, sharing, retention and safeguarding of customer and / or employee information, and some of our current or future business plans. A material failure on our part to comply could subject us to fines or other regulatory sanctions and potentially to lawsuits. In recent years, there has been increasing regulatory enforcement and litigation activity in the areas of privacy, data protection and information security in various states in which we operate. Compliance with the evolving privacy regulatory landscape will likely increase the costs of doing business, especially if we face differing regulatory requirements across multiple jurisdictions and / or a lack of adequate regulatory guidance. New legislation or regulations, including any potential comprehensive federal privacy legislation, as well as any associated inquiries or investigations or any other government actions, could also result in negative publicity, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices. Legal and regulatory proceedings could have an adverse impact on our results of operations. We are subject to various legal and regulatory proceedings relating to our business, certain of which may involve jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, such as representative claims under the California Private Attorneys' General Act and class action litigation brought under various consumer protection, employment, and privacy and information security laws. Accruals are established based on our best estimates of our potential liability. However, we cannot accurately predict the ultimate outcome of any such proceedings due to the inherent uncertainties of litigation. Regardless of the outcome or whether the claims are meritorious, legal and regulatory proceedings may require that we devote substantial time and expense to defend our Company. Unfavorable rulings could result in a material adverse impact on our business, financial condition or results of operations. Use of social media by the Company or third parties at our direction in violation of applicable laws and regulations may adversely impact our reputation or subject us to fines or other penalties. There has been a substantial increase in the use of social media platforms and other forms of internet- based communications, which allow individuals access to a broad audience of consumers and other interested persons. We have increasingly utilized social media in our marketing and employment recruiting efforts in order to reach as many current and potential new customers and potential employment candidates as efficiently and cost effectively as possible, and have also retained third parties, such as influencers, with expertise and distinction in the social media realm to bolster our social media efforts **and our perceived affiliation with these individuals could cause us brand or reputational damage in the event they are perceived to be or take actions inconsistent with our brands and values** . As laws and regulations rapidly evolve to govern the use of these platforms, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms could adversely impact our reputation or subject us to fines or other penalties. Risk Related to Our Substantial Indebtedness and Corporate Structure Our ability to generate sufficient cash depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations. As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , our obligations include (i) $ ~~942~~ **933** . ~~0~~ **4** million, inclusive of original issue discount, under our $ 1, 200. 0 million senior secured term loan facility (Term Loan Facility) and (ii) $ ~~507~~ **156** . ~~7~~ **2** million under ~~the~~ **our 2. 25 %** Convertible Notes **due April 15, 2025 and $ 297. 1 million under our 1. 25 % Convertible Notes due December 15, 2027 (collectively, our " Convertible Notes ")** . We had no outstanding balance on our $ 900. 0 million asset- based lending facility (ABL Line of Credit) as of ~~January 28~~ **February 3** , ~~2023~~ **2024** . Our debt obligations also include $ ~~33~~ **29** . ~~4~~ **1** million of finance lease obligations as of ~~January 28~~ **February 3** , ~~2023~~ **2024** . Estimated cash required to make interest payments for these debt obligations, net of the impact of our interest rate swap, amounts to approximately $ 63. ~~5~~ **1** million in the aggregate for the fiscal year ending February ~~3~~ **1** , ~~2024~~ **2025** . Our ability to make payments on and to refinance our debt, and to fund planned capital expenditures, will depend on our ability to generate cash in the future, which is to some extent subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we will be required to adopt one or more alternatives, such as refinancing all or a portion of our debt, selling material assets or operations or raising additional debt or equity capital. We may not be able to successfully carry out any of these actions on a timely basis, on commercially reasonable terms or at all, or be assured that these actions would be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements may restrict us from affecting any of these alternatives. Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our results of operations and our financial condition. If an event of default under any of the agreements relating to our outstanding indebtedness occurred, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default, resulting in a need for an alternate source of funding. We cannot make any assurances that we would be able to obtain such an alternate source of funding on satisfactory terms, if at all, and our inability to do so could cause the holders of our securities to experience a partial or total loss of their investments in the Company. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holders of such debt could proceed against the collateral securing that indebtedness through foreclosure proceedings and / or by forcing us into bankruptcy or liquidation. In addition, any event of default or acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results. In the event the conditional conversion feature of our Convertible Notes is triggered, holders of the Convertible Notes will be entitled to convert their notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Notes, we would be required to settle the principal portion of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of Convertible Notes do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. Conversion of the Convertible Notes will dilute the ownership interest of existing stockholders, including holders who had previously converted their Convertible Notes, or may otherwise depress the price of our common stock. The conversion of some or all of the Convertible Notes will dilute the ownership interests of existing stockholders, as we will deliver shares of our common stock with respect to any excess over principal upon conversion of any of the Convertible Notes. The Convertible Notes may from time to time in the future be convertible at the option of their holders prior to their scheduled terms under certain circumstances. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Notes into shares of our common stock could depress the price of our common stock. ~~The discontinuance of LIBOR and the replacement of LIBOR with an alternative reference rate may adversely affect our borrowing costs and could impact our business and results of operations. Our Term Loan Facility currently uses LIBOR as a reference rate to calculate interest rates. The United Kingdom' s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR, and most LIBOR tenors are not expected to be published after June 30, 2023. The U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, announced an alternative to U. S. dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities, called the Secured Overnight Financing Rate (SOFR). To address a potential transition away from LIBOR, the Term Loan Facility was amended in 2021 to provide for an agreed upon methodology to replace LIBOR with a SOFR- based rate (or, if a SOFR- based rate is unavailable, amend such agreements to substitute LIBOR with an agreed replacement rate, subject to our consent and the applicable administrative agent, and in each case subject to a short lender negative consent period). However, to the extent that any such replacement rate would require the consent of the administrative agent or lenders under the Term Loan Facility, there is no guarantee that any such amendment to adopt a replacement rate would be agreed by such administrative agent and the lenders under the Term Loan Facility or that such consents would be obtained, and in such event we would be required to pay a rate of interest higher than expected on the amount owed under such agreements where the interest rate is subject to LIBOR. We have also entered into LIBOR based interest rate swap agreements to manage our exposure to interest rate movements resulting from changes in the benchmark interest rate of LIBOR. Any replacement of LIBOR as the basis on which interest on our floating- rate debt and / or under our interest rate swaps is calculated may result in interest rates and / or payments that do not correlate over time with the interest rates and / or payments that would have been made on our obligations if LIBOR was available in its current form. As a result of the transition to SOFR, our interest expense could increase and our available cash flow for general corporate requirements may be adversely affected. In addition, there remains uncertainty as to the longer- term impact of the discontinuation of LIBOR and the adoption of SOFR and other alternative reference rates, which could affect our overall financial condition or results of operations. In addition, any further changes or reforms to the determination or supervision of LIBOR, SOFR and other alternative reference rates may result in a sudden or prolonged increase or decrease in reported LIBOR, SOFR or other alternative reference rates. Additionally, any potential successor rate to SOFR under our Term Loan Facility and ABL Line of Credit agreements may not have the same characteristics as SOFR or LIBOR. Each of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.~~ We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. The deterioration of income from, or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to us. Risks Related to Ownership of Our Common Stock Our stock price has been and may continue to be volatile. The market price of our common stock has fluctuated substantially in the past and may continue to fluctuate significantly. For example, in Fiscal ~~2022~~ **2023** , our stock price fluctuated from a high of $ ~~243~~ **239** . 94 to a low of $ ~~106~~ **115** . ~~47~~ **66** . Future announcements or disclosures concerning us or any of our competitors, our strategic initiatives, our sales and profitability, our financial condition, any quarterly variations in actual or anticipated operating results or comparable sales, any failure to meet analysts’ expectations and sales of large blocks of our common stock, among other factors, could cause the market price of our common stock to fluctuate substantially. In addition, the stock market has experienced price and volume fluctuations that have affected the market price of many retail and other stocks that have often been unrelated or disproportionate to the operating performance of these companies. Anti- takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that stockholders might consider favorable. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of the Company more difficult without the approval of our Board of Directors. These provisions: • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • prohibit stockholder action by written consent, requiring all stockholder actions be taken at a meeting of our stockholders; • establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; • establish a classified Board of Directors, as a result of which our Board of Directors is divided into three classes, with each class serving for staggered three- year terms, which prevents stockholders from electing an entirely new Board of Directors at an annual meeting; • limit the ability of stockholders to remove directors only for cause and only upon the affirmative vote of at least 75 % of the outstanding shares of our common stock; • prohibit stockholders from calling special meetings of stockholders; • provide that the Board of Directors is expressly authorized to alter or repeal our amended and restated bylaws; and • require the approval of holders of at least 75 % of the outstanding shares of our voting common stock to amend the amended and restated bylaws and certain provisions of the amended and restated certificate of incorporation **.** These anti- takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors they choose or to cause us to take other corporate actions they desire . Our amended and restated certificate of...... or expected financial performance or financial condition . Our business could be impacted as a result of actions by activist stockholders or others. From time to time, we may be subject to legal and business challenges in the operation of our

Company due to stockholder proposals, media campaigns, proxy contests, and other such actions instituted by activist stockholders or others. Responding to such actions could be costly and time- consuming, disrupt our operations, may not align with our business strategies and could divert the attention of our Board of Directors and senior management from the pursuit of current business strategies. Perceived uncertainties as to our future direction as a result of stockholder activism or potential changes to the composition of the Board of Directors may lead to the perception of a change in the direction of the business or other instability, and may affect our stock price or may make it more difficult to attract and retain qualified personnel and business partners.