Risk Factors Comparison 2024-03-28 to 2023-03-23 Form: 10-K

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

Risks Related to Our Industry and Macroeconomic Conditions Macroeconomic conditions may adversely affect consumer discretionary spending and our business, operations, liquidity, and financial results. Our business depends on consumer discretionary spending, which can be adversely affected by many factors outside of the Company' s control, including general economic conditions, such as inflation; **elevated interest rates and** recessionary pressures; **adverse** changes in consumer disposable income; **the reinstatement of student loan payments;** consumer confidence and perception of economic conditions, including the instability in the banking sector; **geopolitical conflicts (including the conflicts in the Ukraine and the Middle East) and** the threat or outbreak of ~~war~~ **further conflicts** , terrorism or public unrest ~~(including, without limitation, the conflict in Ukraine) which may cause supply chain disruptions, increase fuel and transportation costs and the cost of materials, and create general economic instability~~ ; wage and unemployment levels; consumer debt and ~~inflationary pressures;~~ the costs of basic necessities and other goods; **pandemics,** ~~interest rates; effects of weather and natural disasters caused by climate change or otherwise; and~~ epidemics, contagious disease outbreaks ~~,~~ and other public health concerns **, which** ~~(including but not limited to the long- term impacts of the COVID- 19 pandemic). Decreases in consumer discretionary spending~~ may result in a decrease in **athlete traffic,** comparable **store** sales, ~~which~~ **and average value per transaction and** might cause us to utilize pricing strategies that will have a negative impact on our gross margins, all of which could negatively affect ~~our~~ **the Company' s business, operations, liquidity, and** financial results, particularly if consumer spending levels are depressed for a prolonged period of time ~~. To the extent that the COVID- 19 pandemic continues to adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described herein, including risks relating to the changes in consumer demand or shopping patterns~~ . Intense competition in the sporting goods industry and in retail could limit our growth and reduce our profitability. The market for sporting goods retailers is highly fragmented, intensely competitive, and continually evolving. We compete with retailers from multiple categories and in multiple channels, including large formats; traditional and specialty formats; mass merchants; department stores; internet- based and direct- sell retailers; and ~~increasingly~~ from vendors that sell directly to customers. Our competitors include companies that have greater market presence (both brick and mortar and online), name recognition and financial, marketing, and other resources than we do. An inability to successfully respond to competitive pressures could have a ~~materially~~ -- **material** adverse effect on our results of operations or reputation **. In addition, our industry is experiencing continued technological developments and innovations (including the use of artificial intelligence (" AI ") and machine learning); if we are unable to provide enhancements and new features to our existing platforms or innovate quickly enough to keep pace with our industry peers, our business could be harmed** . Further, the ability of consumers to compare prices in real- time puts additional pressure on us to maintain competitive pricing. If we are unsuccessful in our varied marketing and advertising strategies, especially via online and social media platforms, we could lose athletes and **our** sales could decline **. An inability to otherwise successfully respond to competitive pressures could have a material adverse effect on our results of operations, reputation or profitability** . Fluctuations in product costs and availability due to inflationary pressures, fuel price uncertainty, supply chain constraints, increases in commodity prices, labor shortages and other factors could negatively impact our business and results of operations. Our product costs are affected, in part, by the costs and availability of component materials. A substantial increase in the prices of raw materials or commodities used in the products we sell, whether due to material shortages, supply chain disruptions or otherwise could increase the costs associated with manufacturing our products and the products that we purchase from our vendors. Significant increases in the prices of raw materials and commodities and our ability to pass these increases on to our athletes or manage increased costs by other means may affect our sales and profitability. We rely upon third- party transportation to deliver products from vendors and our manufacturing facilities to our distribution centers, from our distribution centers to our stores, and directly to our athletes using our omni- channel platform. Consequently, our results may be adversely affected by those factors impacting transportation, including the price of fuel **, slower transport times resulting from geopolitical conflicts (including the conflicts in Ukraine and the Middle East) and the threat or outbreak of further conflicts, terrorism or public unrest and other challenges impacting ocean trade routes,** and the availability of aircraft, ships, trucks, **trains,** and ~~drivers~~ **qualified personnel to operate them** . The price of fuel and demand for transportation services has fluctuated significantly in recent years and has resulted in increased transportation costs for us and our vendors. Labor and employee shortages in the transportation industry could negatively affect transportation costs and our ability to supply our stores in a timely manner. Our business **is** also ~~is~~ highly dependent on the shipping and trucking industry to deliver products to our distribution centers and our stores. Our results of operations may be adversely affected if we, or our vendors, are unable to secure adequate **and timely** transportation resources at competitive prices to fulfill our delivery schedules to our distribution centers or our stores. Further, difficulties in moving products manufactured overseas **through established trade routes** and **then** through the ports of North America, whether due to **ongoing geopolitical conflict or other global or regional conflicts,** port congestion **or inaccessibility** , government shutdowns, labor disputes, product regulations and / or inspections **, changes in laws** or other factors, including natural disasters, **or** health pandemics ~~or other global conflicts~~ , could negatively affect our business. A significant amount of our products are manufactured abroad, which subjects us to various international risks and costs, including foreign trade issues, currency exchange rate fluctuations, shipment delays and supply chain disruptions, and political instability, which could cause our sales and **/ or** profitability to suffer. Many of the products that we purchase as well as most of our vertical brand merchandise, are manufactured abroad. Foreign imports subject us to risk relating to changes in import duties **and** quotas, the introduction of U. S. taxes on imported goods or the extension of U. S. income taxes on our foreign suppliers' sales of imported goods through the adoption of destination- based income tax jurisdiction, loss of " most favored nation " status with the U. S., freight cost increases and economic and political uncertainties **and conflict** . We may also experience shipment delays caused by shipping port constraints **(including inaccessibility to or delays on vital trade routes)** , labor strikes, work stoppages, acts of war, ~~and~~ terrorism **and global conflicts** , or other supply chain disruptions, including those caused by extreme weather **due to climate change or otherwise** , natural disasters, and pandemics and other public health concerns ~~, including ongoing supply chain and manufacturing issues whether caused by the COVID- 19 pandemic, the conflict in Ukraine, or otherwise~~ . If any of these or other factors, including ~~trade~~ **heightened** tensions between the U. S. and foreign nations, including China and Russia **, as well as other regions of U. S. national security concern, such as the Middle East** , were to cause a disruption of **trade through the imposition of sanctions, additional tariffs, geopolitical risk, trade remedy action, trade route inaccessibility, or other restraints on** trade from the countries in which our vendors' supplies or our vertical brand products' manufacturers are located, our inventory levels may be reduced and / or the cost of our products may increase. We may need to seek alternative suppliers or vendors, raise prices, or make changes to our operations, any of which could have a material adverse effect on our sales and profitability, results of operations and financial condition. Also, the prices charged by foreign manufacturers may be affected by the fluctuation of their local currency against the U. S. dollar and the price of raw materials, which could cause the cost of our products to increase and negatively impact our sales or profitability. Risks Related to Our Operations and Reputation If we are unable to predict or effectively react to changes in consumer demand or shopping patterns, we may lose athletes and our sales may decline. Our success depends in part on our ability to anticipate and respond in a timely manner to changing consumer demand, preferences and trends, and shopping patterns, which are subject to continual change and evolution. We have adopted a fully omni- channel business model, as we strive to deliver a seamless shopping experience to our athletes through both online and in- store shopping experiences. For example, we must meet athletes' expectations with respect to, among other things, creating appealing and consistent online experiences while also offering localized assortments of merchandise to appeal to local **/ regional** geographic and demographic tastes; offering differentiated and premium products and ~~regionally relevant products~~ **desirable in- store experiences** ; delivering elevated customer service; and providing ~~desirable in- store experiences,~~ fast, accurate and reliable delivery and pick- up, and convenient return options. Our athletes have expectations about how they shop in stores or through eCommerce or more generally engage with businesses across different channels or media (through online and other digital or mobile channels **, including** ~~or particular forms of~~ social media), which may vary across demographics and may evolve rapidly. If we are unable to provide an omni- channel shopping experience across all channels that aligns with our athletes' expectations and preferences, it could have an adverse impact on the results of our operations. We often make advanced commitments to purchase products, which may make it more difficult for us to adapt to rapidly ~~-~~evolving changes in consumer preferences and trends. The COVID- 19 pandemic created a shift in consumer demand, resulting in an increase in demand in certain categories due to the renewed interest and perceived importance of health and fitness, participation in socially ~~-~~distant and outdoor activities, and a shift toward athletic apparel **, athleisure,** and active lifestyle products. It is uncertain whether or the extent to which these trends will continue **and whether any future** ~~now that the COVID- 19 pandemic has subsided or if another~~ pandemic or similar public health event would have the same ~~positive~~ or ~~negative~~ **similar** impact. Furthermore, ongoing supply chain challenges as a result of **geopolitical** ~~the COVID- 19 pandemic, the conflict~~ **conflicts** in Ukraine **and the Middle East** , and other factors ~~have~~ **may** ~~made~~ **make** it ~~more~~ difficult to obtain certain in- demand products. Our sales could decline significantly if we misjudge the market for our new merchandise, which may result in significant merchandise markdowns and lower margins, missed opportunities for other products, and inventory write- downs. Our vertical brand offerings and new specialty concept stores expose us to potential increased costs and certain additional risks. We develop and offer our athletes vertical brand products that **represent approximately 13 % of our overall sales, generally carry higher margins than equivalent national brand products, and** are not available from other retailers ~~and~~ **. We** expend considerable resources to develop new brands **and continually seek to improve and expand our current vertical brand offerings** . Unexpected or increased costs or delays in development of the brand, excessive demands on management resources, legal or regulatory constraints, changes in consumer demands and shopping patterns regarding sporting goods, or a determination that consumer demand no longer supports the brand could cause us to curtail or abandon any of our new brands at any time **,** which could result in asset impairments and inventory write- downs. Additional risks relating to our vertical brand offerings include increased potential product liability and product recalls for which we do not have third- party indemnification and contractual rights or remedies (including product safety concerns); increased reputational risks related to the responsible domestic and international sourcing of our vertical brand products; increased costs for labor or raw materials used to manufacture products; our ability to successfully protect our proprietary rights (e. g., defending against counterfeit or unauthorized goods); our ability to successfully navigate and avoid claims related to the proprietary rights of third parties; our ability to anticipate consumer trends and styles; and our ability to utilize talent and other generational advertising techniques to reach the relevant market specific to each vertical brand. We **have** also **developed and** may **in the future** develop and introduce new store concepts and formats or expand upon existing formats, which may require considerable resources, and there is no assurance that these initiatives will be successful. We have **also** included a variety of ~~other~~ experiential opportunities in our current store concept offerings, such as climbing walls, fields, ice rinks, and other in- person activations. Issues that may pose potential risks for our new store concepts ~~and~~ **,** formats **and enhanced experiential opportunities** include: increased potential liability for bodily injury to athletes or teammates; increased liability for property damage; increased costs for implementing, installing, building, repairing, and maintaining our experiential concepts or creating new concepts; our ability to attract and retain teammates with specific skill sets as it relates to experiential concepts; our ability to anticipate consumer trends or engaging activities; increased reputational risks related to community involvement, giving, and other activations at a localized level; increased risk related to competitors attempting to create similar concepts to gain market share; and our ability to successfully administer and comply with obligations under license agreements that we have with third- party licensors of certain brands. Harm to our reputation could adversely impact our ability to attract and retain athletes and teammates. Negative publicity or perceptions involving us or our brands, products, vendors, foreign manufacturers, spokespersons, ~~or~~ **influencers,** marketing and other partners, or failure to detect, prevent, mitigate or address issues giving rise to reputational risk **,** could adversely impact our reputation, business, results of operations, and financial condition, and may adversely impact our ability to attract and retain athletes and teammates. Issues that might pose a reputational risk include: an inability to provide an omni- channel experience that meets the expectations of consumers; failure of our ~~cyber- security~~ **cybersecurity** measures to protect against data breaches **; failure of our data governance and privacy programs to protect against data misuse** ; product liability, recalls, and boycotts; our handling of issues relating to environmental, social, and governance (" ESG ") matters, including our response to ESG matters and the **perceived** transparency ~~of~~ **(or lack thereof) regarding** our progress toward **certain ESG goals and initiatives and ultimately, whether we are able to meet our published** ESG goals and initiatives; our social media activity; failure to comply with applicable laws and regulations (including those in other countries where we manufacture goods); our policies related to the sale of firearms and accessories; public stances on controversial social or political issues; product sponsorship relationships, including those with celebrity **and athlete** spokespersons, influencers and other partnerships or group affiliations; our real estate strategy and selection of new store openings or relocations; concerns surrounding labor, environmental, workplace safety and other practices that may vary from U. S. standards in any of our foreign manufacturers, whether directly or indirectly; and any of the other risks enumerated in these risk factors. Furthermore, the prevalence of social media and a constant, on- demand news cycle may accelerate and in the short- term increase the potential scope of any negative publicity we or others might receive and could increase the negative impact of these issues on our reputation, business, results of operations, and financial condition. Our strategic plans and initiatives may initially result in a negative impact on our financial results **,** and such plans and initiatives may not achieve the desired results within the anticipated time frame or at all. Our ability to successfully implement and execute our strategic plans and initiatives depends on many factors, some of which are out of our control. Our focus on long- term strategic investments, including investments in our **technology and other** digital capabilities **, (such as AI and machine learning)** , our eCommerce platform, improvements to the athlete experience in our stores and online, our supply chain, enhancements to our ScoreCard loyalty program, the continued development of our vertical brands and specialty **store** concepts **, expansion of our real estate portfolio** (including ~~but not limited to~~ store remodels, experiential concepts and relocations), and improving teammate productivity ~~,~~ **through strategic talent investments and otherwise** may require **changes to our existing cost structure and / or** significant capital investment and management attention at the expense of other business initiatives and may take longer than anticipated to achieve the desired return. Additionally, any new initiative is subject to certain risks, including athlete acceptance, competition, product differentiation, **our ability to successfully implement technological initiatives,** and the ability to attract and retain qualified personnel to support the initiative **. Further, strategies deployed to better resource for future growth and manage various cost categories may require expenditures in the short- term and otherwise may not achieve the desired savings results within the anticipated time frame, or at all** . An inability to execute our real estate strategy could affect our financial results. Our financial performance depends on our ability to ~~optimize~~ **grow** our ~~retail real estate portfolio~~ **DICK' S House of Sport** , ~~including opening new~~ **next generation 50, 000 square foot DICK' S and Golf Galaxy Performance Center** stores ~~and relocating existing stores in desirable locations, and, where appropriate, consolidating the stores serving particular markets to maximize efficiencies; opportunistically purchasing real estate in compelling long- term or barrier- to- entry markets or assets; renewing leases for existing stores, restructuring leases for existing stores to obtain more favorable renewal terms; refreshing and remodeling existing stores; if necessary, closing underperforming and poorly located stores; and where appropriate, repurposing real estate holdings to provide specialty banner opportunities or ancillary retail support to the stores in the market~~ . There is no assurance that we will be able to locate **, and obtain control of, adequate** desirable real estate ~~for new stores or relocations of existing stores, or that an existing store will continue~~ to **support such growth** ~~be profitable in its current location~~ . Additionally, our ability to negotiate favorable lease **, purchase or operating** terms ~~or purchase terms on a new store location or a relocation of an existing store, or in connection with an expiring lease, remodel, consolidation, or closing~~ depends on conditions in the real estate **, capital and construction** ~~market~~ **markets** , **including** competition for desirable properties ~~,~~ **;** our relationships with current and prospective landlords **, property owners** and shopping center **or mall** operators ~~,~~ **;** construction costs ~~,~~ **;** the availability of labor and materials **; access to sufficient capital and / or financing vehicles** , **such as sale- leasebacks; local regulations; private restrictions; third party or political opposition;** and other factors that are not within our control. We may incur costs that are excessive and cause operating margins **and / or our return on investment** to be below acceptable levels if we are unable to negotiate appropriate terms. ~~commitment~~ **.Furthermore,the success of our stores depends on several factors including the sustained success of the shopping center where the store is located,consumer demographics,** and **consumer shopping habits** ~~long- term lease option coverage for each store;~~ and **patterns** ~~the occupancy costs relative to market~~ .Changes in consumer shopping habits and patterns,reduced customer traffic in the shopping centers ~~,malls and / or retail nodes~~ where our stores are located,financial difficulties of our landlords, ~~property owners~~ or the shopping center operators,anchor tenants or a significant number of other retailers,and **shopping center** vacancies or closures,could impact the profitability of our stores and increase the likelihood that our landlords ~~,property owners~~ or the shopping centers operators fail to fulfill their obligations and conditions under our lease agreements or governing documents.We may need to respond to declines in customer traffic or conversion rates by increasing markdowns or promotions to attract athletes ~~and / or increasing marketing spend~~ ,which could adversely impact our financial results If an existing store is not profitable, we might be required to record an impairment charge and we may not be able to terminate the lease or sell the real estate associated with the underperforming store. Further, closing stores generally result in certain short- term economic consequences, such as, ongoing rent payment obligations or other expenses for the balance of the lease term or ownership period, termination charges in connection with a lease or, if the property is owned, costs, expenses and losses in connection with a sale **or other asset disposition** . We may remain liable for certain post- assignment or sublease obligations if the assignee, sublessee **,** or tenant, as applicable, does not perform . Furthermore, the success of our...... which could adversely impact our financial results . Our business relies on our distribution and fulfillment network and our **CSC** ~~customer support center~~ . An inability to optimize this network or a disruption to the network, including delays or failures by independent third- party transportation providers, could cause us to lose merchandise, be unable to effectively deliver merchandise to our stores and athletes, and could adversely affect our financial condition and results of operations. The ability to optimize our distribution and fulfillment network, which includes our ~~owned and leased~~ distribution centers ~~and~~ **,** eCommerce fulfillment center, and our stores that serve as forward distribution points, ~~and~~ **in a way that** ~~avoid~~ **avoids** disruptions **and maximized efficiencies** , **is** ~~depends~~ **dependent** on a variety of factors, ~~some~~ **many** of which are beyond our control, including severe weather conditions, natural disasters, pandemics or other catastrophic events, problems with our information technology systems, labor or employee disagreements, supply chain disruptions or other shipping problems, and general economic and real estate conditions. We may not be able to maintain our existing distribution and fulfillment network if the cost of the facilities ~~increase~~ **increases** or the location of a facility is no longer desirable. In those cases, we may not be able to locate suitable alternative sites or modify or enter into new leases on acceptable terms **and** ~~. Furthermore,~~ we may ~~need to locate new sites for additional eCommerce fulfillment centers to satisfy omni- channel demand. If we cannot locate suitable locations for these fulfillment centers on acceptable terms, we will~~ need to increase reliance on our store network, third- party logistic fulfillment centers, our distribution centers, and vendors to help meet our fulfillment needs. An inability to optimize our distribution and fulfillment network, including the expiration of a lease or an unexpected lease termination at one of our facilities (without timely replacement of the applicable facility) or serious disruptions (including natural disasters or closures of distribution and fulfillment centers) at any of these facilities might impair our ability to adequately stock our stores, process returns of products to vendors and fulfill eCommerce orders at the speed expected by athletes, increase costs associated with shipping and delivery, damage a material portion of our inventory, and otherwise negatively affect our operations, sales, profitability, and reputation. In addition, we rely on independent third- party transportation providers for substantially all of our merchandise shipments, including shipments to our stores and directly to athletes through our eCommerce platform. If we change shipping companies, we could face logistical difficulties that could adversely impact deliveries and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the independent third- party transportation providers we currently use, which could have a material adverse impact on our business. Unauthorized **use or** disclosure of sensitive or confidential athlete, teammate, vendor or Company information could result in substantial costs and reputational damage, harm **to** our business and standing with our athletes and could subject us to litigation and enforcement actions. The protection of our data, including athlete and teammate data, is critical. We collect, receive, store, manage, transmit and delete confidential athlete data, including payment card and personally identifiable information, in the normal course of customer transactions, as well as other confidential and sensitive information, such as personal information about our teammates and our vendors, and confidential Company information. We also work with third- party vendors and service providers that provide technology, systems **,** and services that we use in connection with the collection, storage **,** and transmission of this information. We have implemented **a cybersecurity function** and **governance process, and we** regularly review and update our systems, processes, and procedures to protect against unauthorized access to or use of data and to prevent data loss **, as well as detect, contain, and respond to data security incidents** . **Our processes for assessing, identifying, and managing material risks from cybersecurity and data threats are discussed within Item 1C. " Cybersecurity. "** Although we have taken measures to protect **our** ~~athlete and others'~~ confidential information **and that of our athletes, teammates, and others, and ensure business continuity, we may be unable to anticipate security incidents or implement adequate measures, as cyber threats and the techniques used in cyberattacks are changing, developing, and evolving rapidly, including from emerging technologies such as advanced forms of artificial intelligence (AI) and machine learning. In addition** , the intentional or negligent actions of third parties, business associates or teammates may undermine our existing security measures and allow unauthorized parties to obtain access to our data systems and misappropriate confidential data **. Although we conduct regular trainings as part of our cybersecurity and data privacy efforts, the training does not guarantee prevention of successful cyberattacks** . While we have no knowledge of any material data security breaches to date, any compromise of our data security could result in a violation of applicable **cybersecurity and / or** privacy ~~and other~~ laws or standards, significant legal and financial exposure beyond the scope or limits of our insurance coverage, interruption of our operations, increased operating costs associated with remediation, equipment acquisitions or disposal, added personnel, and a loss of confidence in our security measures, which could harm our business, **athlete experience,** reputation or investor confidence. Further, the data privacy and ~~cyber- security~~ **cybersecurity** regulatory environment is constantly changing, with new and increasingly rigorous and complex requirements. Maintaining our compliance with those requirements, including state **and local** consumer privacy laws **and federal cybersecurity disclosure requirements** , may require significant effort and cost, require changes to our business practices, and limit our ability to obtain data used to provide a personalized customer experience **or other marketing and advertising** . In addition, failure to comply with applicable requirements could subject us to fines, sanctions, governmental investigations, lawsuits **,** or reputational damage. Problems with our information systems could disrupt our operations and negatively impact our financial results and materially adversely affect our business operations. We utilize several third- party information systems for core system needs of our business, including our use of an independent service provider for electronic payment processing. If any of these systems fail to function properly, it could disrupt our operations, including our ability to track, record and analyze the merchandise that we sell, process shipments of goods, process financial information or credit card transactions, deliver products or engage in similar normal business activities. If any of these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, our business could be harmed. Our information systems, including our back- up systems, are subject to damage or interruption from power outages; computer and telecommunications failures; malicious computer programs; denial- of- service attacks; security breaches (through **cyberattacks** ~~cyber- attacks~~ from ~~cyber- attackers~~ **cyberattackers** or sophisticated organizations **or through negligent or intentional actions of teammates**); catastrophic events; and usage errors by our teammates. Additionally, we have adopted a hybrid remote work environment which relies on the efficiency and functionality of our information systems. If our information systems and our back- up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer loss of critical data and interruptions or delays in our business operations. Any material disruption, malfunction, or other similar problems in or with our core information systems could negatively impact our financial results and materially adversely affect our business operations. **In addition, the development, adoption, and use of generative AI technologies and machine learning are still in their early stages; ineffective or inadequate AI and machine learning development or deployment practices by us or by third parties, including vendors, could result in unintended consequences. For example, AI or machine learning algorithms that we use may be flawed or based on datasets that are biased, incomplete or insufficient. In addition, any latency, disruption, or failure in our AI or machine learning systems or infrastructure could result in operational delays or errors. Developing, testing, and deploying resource- intensive AI and machine learning systems may require additional investment and increase our costs.** We may be unable to attract, train, engage and retain key teammates **and to adequately respond to teammate organizing efforts** . Our long- term success and ability to implement our strategic and business planning processes depends on our ability to attract, retain, train and develop key and qualified teammates in all areas of the organization, including store managers and sales associates, teammates who staff our distribution centers **, executive and management level talent** , and professionals to implement our technology and other strategic initiatives. Our ability to meet our labor needs while controlling labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates, equity compensation, unemployment levels, and health and other insurance costs; **adoption** ~~the impact~~ of **new work models** ~~legislation or regulations governing labor~~ and ~~employee relations,~~ **policies regarding on- site and remote work;** immigration, federal and state minimum wage requirements, and benefit costs; changing demographics; and our reputation within the labor market. If we are unable to attract and retain a workforce that meets our needs, our operations, service levels, support functions, and competitiveness could suffer **,** and our results could be adversely affected **. We also cannot predict whether any unionization or other organizing efforts could occur with our teammates. Any such efforts could increase our costs and negatively impact our operational flexibility. Our response to any such efforts could be perceived negatively and harm our business and reputation** . The loss of one or more of our key executives or the inability to successfully attract and retain executive officers or implement effective succession planning strategies could have a material adverse effect on our business. Our long- term success and ability to implement our strategic and business planning processes depends in large part on our ability to continue to attract and retain executive management. All teammates, including members of our executive management and key personnel, are at- will employees, and we generally do not maintain key- person life insurance policies on our teammates. The loss of any one **of** our executive management, including our President & Chief Executive Officer, Lauren Hobart, or other key personnel could seriously harm our business. Additionally, effective succession planning for executive management and key personnel is vital to our long- term continued success. Failure to ensure effective transfer of knowledge, maintenance of our culture, setting of strategic direction, and smooth transitions involving executive management and key personnel could hinder our long- term strategies and success. Furthermore, our success depends on continued service from Edward W. Stack, our Executive Chairman, who began operating the Company in 1984 and continues to oversee our merchandising group and key strategic growth initiatives. Mr. Stack possesses detailed and in- depth knowledge of the issues, opportunities **,** and challenges that we and the industry face. If Mr. Stack no longer serves a role in our business, our results could be materially adversely affected. The seasonality of **certain categories of** our operations, along with the current geographic concentrations of our stores, exposes us to certain **seasonal influences and weather- related** risks ~~(including but not limited to extreme weather conditions and / or natural disasters and other catastrophic events)~~ . Our business is subject to seasonal influences and certain holidays and sports seasons during the year. Many of our stores are in geographic areas that experience seasonally cold weather, and we sell a significant amount of cold weather sporting goods and apparel. Historically, our highest sales and operating income results have occurred during our second and fourth fiscal quarters, which is partly due to golf and team sports sales during the second quarter and partly due to the winter holiday season and our strong sales of cold weather sporting goods and apparel in the fourth quarter. Results for any quarter are not necessarily indicative of the results that may be achieved for the fiscal year. **However,** ~~Poor~~ **poor** performance during a quarter because of slow holiday seasons or unseasonable weather conditions, including unusually warm weather in the winter months or abnormally wet or cold weather in the spring or summer months, whether due to climate change or otherwise, could have a material adverse effect on our business, financial condition, and operating results for the entire fiscal year. Furthermore, extreme weather conditions and natural disasters caused by climate change or otherwise and other catastrophic events in the areas in which our stores ~~and /~~ or distribution **centers and fulfillment** centers are located could negatively impact consumer shopping patterns, consumer confidence and disposable income, **create interruptions to our business,** or otherwise could have a negative effect on our financial performance. Natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could damage or destroy our facilities or make it difficult for customers to travel to our stores. Extreme weather conditions and / or natural disasters, or other catastrophic events in areas where we or our vendors have operations, including our stores and our distribution and eCommerce fulfillment centers, could result in disruption or delay of production and delivery of merchandise and products in our supply chain and cause staffing shortages in our stores, negatively affecting our business and results of operations. We cannot provide any guaranty of future dividend payments or that we will continue to repurchase our common stock pursuant to our stock repurchase program. Any determination to pay cash dividends on our common stock in the future will be based upon our financial condition, results of operations, business requirements, and the continuing determination from our Board of Directors that the declaration of dividends is in the best interests of our stockholders and is in compliance with all laws and agreements applicable to the dividend. Furthermore, although our Board of Directors has authorized a share repurchase program, we are not obligated to make any purchases under the program, and the Board may discontinue the program at any time **. If we are unable to protect against inventory shrink, our results of operations and financial condition could be adversely affected. Our ability to effectively manage our inventory is a key component of the success of our business. We have historically experienced loss of inventory (also referred to as inventory shrinkage) due to damage, theft (including from organized retail crime), and other causes. We have recently experienced, and may continue to experience elevated levels of inventory shrink relative to historical levels, which have adversely affected, and could continue to adversely affect, our business, results of operations and financial condition. In addition, sustained high rates of inventory shrink at certain stores could impact the profitability of those stores and result in asset impairments. We must also maintain the safety of our store teammates and athletes. Elevated levels of shrink or an unsafe store environment requires operational or strategic changes that may increase our costs and adversely impact our reputation and the teammate or athlete in- store experience** . Risks Related to Our Class B Common Stock and Other Anti- Takeover Mechanisms We are controlled by holders of our Class B common stock, whose interests may differ from other stockholders. Holders of our Class B common stock, who consist of our Executive Chairman, Mr. Edward W. Stack, his relatives **,** and various trusts established for the benefit of their families, control a majority of the combined voting power of our common stock and Class B common stock and would control the outcome of a vote on any corporate transaction or other matter submitted to our stockholders for approval. The interests of the holders of Class B common stock may differ from the interests of our other stockholders and they may take actions with which our other stockholders disagree. The issuance of Class B common stock and other anti- takeover mechanisms could prevent or delay a change in control of our Company, even if such change in control would be beneficial to our stockholders. Provisions of our Amended and Restated Certificate of Incorporation, as amended, and our **Second** Amended and Restated 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. These provisions include: authorizing the issuance of Class B common stock; authorizing 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; prohibiting the use of cumulative voting for the election of directors; prohibiting stockholder action by partial written consent and requiring all stockholder actions to be taken at a meeting of our stockholders or by unanimous written consent if our Class B common stock is no longer outstanding; and establishing advance notice requirements for nominations for election to the Board of Directors or for proposing matters to be acted upon by stockholders at stockholder meetings. In addition, the Delaware General Corporation Law, to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns 15 % or more of our common stock. Risks Related to Third Parties and Legal and Regulatory Requirements We depend on our suppliers, distributors **,** and manufacturers to provide us with sufficient quantities of quality products in a timely fashion. In fiscal ~~2022~~ **2023** , we purchased merchandise from approximately 1, 500 vendors. Purchases from Nike represented approximately ~~23~~ **24** % of our total merchandise purchases. Although in fiscal ~~2022~~ **2023** purchases from no other vendor represented 10 % or more of our total purchases, our dependence on suppliers involves risk. We might be unable to obtain merchandise that consumers demand in a timely manner if there are disruptions in our relationships with key suppliers, which could cause our revenue to materially decline. We generally do not have long- term written contracts with our suppliers that would require them to continue supplying us with merchandise. Key vendors may fail to deliver on their commitments or fail to supply us with sufficient products that comply with our safety and quality standards, whether **because** ~~as a result~~ of supply chain disruptions or other causes, or fail to continue to develop new products that create consumer demand. Furthermore, vendors increasingly sell their products directly to customers or through broadened or alternative distribution channels, such as department stores, family footwear stores, or eCommerce companies. Many of our suppliers also provide us with incentives, such as return privileges, volume purchasing allowances and cooperative advertising, which are not guaranteed. A decline or discontinuation of these incentives could reduce or eliminate our profit margins. We are subject to costs and risks associated with laws and regulations affecting our business. We are subject to a wide array of laws and regulations that expose us to compliance and litigation risks that could negatively affect our operations and financial results. Some of the federal, state or local laws and regulations that affect us include those relating to consumer products, product liability and consumer protection; eCommerce ~~,~~ **(including AI and machine learning);** data protection and **data usage;** privacy **(including new and emerging privacy laws)** ; advertisement and marketing; labor and employment **(including employee safety)** ; taxes, including changes to tax rates and new taxes, tariffs, and surcharges; ~~firearms, ammunition,~~ knives, food items or other regulated products; accounting, corporate governance and securities **, including adequate disclosure** ; custom or import; intellectual property; and **social,** environmental and / or climate change **, including programs, transparency and reporting. Although no longer actively sold in our stores, we also remain subject to regulations relating to firearms and ammunition, due to our historical sale of those items** . Establishing the necessary internal infrastructure to allow for the monitoring and other compliance requirements required by these new laws and regulations and enforcement efforts requires expenditure of considerable Company resources. ~~To~~ **Further, to** the extent that another pandemic or similar public health event occurs, we could be subject to another period of store closures or other potential governmental regulations, whether at the local, state, or federal level (s) (including requiring a reduction in work force), which would likely have a significant adverse effect on our financial condition and results of operations. Our sales and operating results could be adversely affected by product safety **and labeling** concerns. If the products that we offer, whether via national brands or our vertical brands, do not meet applicable safety **or labeling** standards or our athletes' expectations regarding safety **or labeling of products** , we could experience decreased sales, increased costs, and / or be exposed to legal and reputational risk. Our vendors must comply with applicable product safety **and labeling** laws, and we are dependent on them to ensure that the products we buy comply with all safety **and labeling** standards. Negative customer perceptions regarding the safety ~~and~~ **,** sourcing **and labeling** of the products we sell, and events that give rise to actual, potential, or perceived product safety **or labeling** concerns could expose us to government enforcement action and / or private litigation. Furthermore, reputational damage caused by real or perceived product safety **or labeling** concerns could have a negative impact on our sales and operating results. We may be subject to various types of litigation and other claims, and our insurance may not be sufficient to cover damages related to those claims. From time- to- time the Company or its subsidiaries may be involved in lawsuits or other claims arising in the ordinary course of business, including those related to federal or state wage and hour laws, product liability, consumer protection, advertising, employment, intellectual property, tort, privacy and data protection, disputes with **property owners,** landlords and vendors ~~due to the disruptions caused by the COVID- 19 pandemic~~ , company policies, **workplace injuries** and other matters. We may incur losses relating to claims filed against us, including costs associated with defending against such claims, and there is risk that any such claims or liabilities will exceed our insurance coverage, or affect our ability to retain adequate liability **or workers' compensation** insurance in the future. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any such assertions could adversely affect our reputation. Due to the inherent uncertainties of litigation and other claims, we cannot accurately predict the ultimate outcome of any such matters. We **no longer** sell firearms and ammunition in ~~some~~ **any** of our stores **, however, because we sold firearms and ammunition throughout our Company history, the risks discussed in this paragraph remain applicable as it is possible that inventory previously sold remains in circulation** . These products are associated with an increased risk of injury and related lawsuits with respect to our compliance with Bureau of Alcohol, Tobacco, Firearms and Explosives (" ATF ") and state laws and regulations. Any improper or illegal use by our athletes of ammunition or firearms sold by us could have a negative impact on our reputation and business. We may incur losses due to lawsuits, including potential class actions, relating to our performance of background checks on firearms purchases and compliance with other sales laws and regulations as mandated by state and federal law and related to our policies on the sale of firearms and ammunition, or due to lawsuits relating to the improper use of firearms or ammunition sold by us, including lawsuits by municipalities or other organizations attempting to recover costs from manufacturers and retailers of firearms and ammunition. Our inability or failure to protect our intellectual property rights or any third parties claiming that we have infringed on their intellectual property rights could negatively impact our brand or have a negative impact on our operating results. Our trademarks, service marks, copyrights, patents, trade secrets, domain names and other intellectual property, including exclusive licensing rights, are valuable assets that are critical to our success. Effective trademark and other intellectual property protection may not be available in every country in which our products are manufactured or may be made available. The unauthorized reproduction or other misappropriation of our intellectual property could diminish the value of our brands or goodwill and cause a decline in our revenue. In addition, any infringement or other intellectual property claim made against us could be time- consuming to address, result in costly litigation, cause product delays, require us to enter into royalty or licensing agreements or result in our loss of ownership or use of the intellectual property. Changes to tax laws and regulations could adversely affect our financial results or condition. Our effective income tax rates could be unfavorably impacted by several factors, including changes in the valuation of deferred tax assets and liabilities; other changes in applicable tax laws, regulations, treaties, interpretations, and other guidance, including ~~but not limited to~~ the Inflation Reduction Act; changes in transfer pricing rules; and the outcome of income tax audits in various jurisdictions. Current economic and political considerations make tax rules in the United States and other applicable jurisdictions subject to significant change. Changes in applicable tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect our income tax expense and profitability. Poor performance of professional sports teams within our core regions of operation, as well as league- wide lockouts, strikes or cancellations, retirement of or serious injury to key athletes or scandals involving such athletes could adversely affect our financial results. We sell a significant amount of professional sports team merchandise, the success of which may be subject to fluctuations based on the success or failure of such teams or their key players. Poor performance by the professional sports teams within our core regions of operations; league- wide lockouts or strikes; and disruptions to, cancellations of, or negative publicity regarding sports leagues and major sporting events could cause our financial results to fluctuate year- over- year. In addition, to the extent we use individual athletes to market our products and advertise our stores or we sell merchandise branded by one or more athletes, the retirement or injury of such athletes or scandals in which they might be implicated could negatively impact our financial results. Risks Related to Our Indebtedness and Strategic Transactions We may pursue strategic alliances, acquisitions or investments and the failure of an alliance, acquisition or investment to produce the anticipated results or the inability to successfully integrate the acquired companies could have an adverse impact on our business. From time- to- time, we may enter into strategic alliances or acquire or invest in complementary companies or businesses. The success of strategic alliances, acquisitions, and investments is based on our ability to make accurate assumptions regarding the valuation, operations, growth potential, integration and other factors relating to such businesses. Strategic alliances, acquisitions, and investments may result in the diversion of capital and our management' s attention from other business issues and opportunities. We also may not be able to successfully integrate operations that we acquire, including their personnel, financial systems, supply chain and other operations, which could adversely affect our business. Furthermore, acquisitions may result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or write- offs of goodwill or other intangibles, any of which could harm our financial condition. There can be no assurance that our strategic alliances, acquisitions, or investments will produce the anticipated results within the expected time frame or at all. Our ability to operate and expand our business and to respond to changing business and economic conditions is dependent upon the availability of adequate capital. In addition to certain restrictions imposed by the terms of existing debt instruments, weakness in the capital markets could also negatively impact our access to capital. The operation and growth of our business and our ability to respond to changing business and economic conditions depend on the availability of adequate capital, which in turn depends on cash flow generated by our business and, if necessary, the availability of equity or debt capital. Our revolving credit facility (the " Revolving Credit Facility ") contains provisions that limit certain of our subsidiaries' ability to incur additional unsecured indebtedness, and our Revolving Credit Facility and the indenture that governs our 3. 15 % senior notes due 2032 (the " 2032 Notes ") and our 4. 10 % senior notes due 2052 (the " 2052 Notes " and together with the 2032 Notes, the " Senior Notes ") contain provisions that limit the Company' s and certain of our subsidiaries' ability to incur secured indebtedness and our ability to sell all or substantially all of our assets, in each case subject to a number of exceptions and qualifications, the proceeds of which might otherwise be used to finance our operations. In the event of our insolvency, liquidation, dissolution or reorganization, the lenders under our Revolving Credit Facility and the holders of our Senior Notes would be entitled to payment in full from our assets before distributions, if any, were made to our stockholders. If we are unable to generate sufficient cash flows from operations in the future, and if availability under our Revolving Credit Facility is not sufficient to meet our capital needs, we may have to obtain additional financing. Any future constriction of the credit and public capital markets, including debt markets, or deterioration of our financial condition due to internal or external factors, could restrict or limit our ability to access capital and could increase the cost of financing sources. We may not be able to obtain such refinancing or additional financing on favorable terms or at all. Our liquidity or access to capital could also be adversely affected by unforeseen changes in the financial markets and global economy. Our indebtedness and liabilities could limit the cash flow available for our operations and we may not be able to generate sufficient cash to service all of our indebtedness. We may be forced to take certain actions to satisfy our obligations under our indebtedness or we may experience a financial failure. Our ability to make scheduled payments on or to refinance our debt obligations, including ~~our $ 575 million of 3. 25 % convertible senior notes due 2025 (~~ the ~~" Convertible~~ Senior ~~Notes "), the~~ Notes and our Revolving Credit Facility, will depend on our financial and operating performance. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the ~~Convertible~~ Senior ~~Notes, the~~ Notes or the Revolving Credit Facility. We may not be able to take any of these actions, these actions may not be successful or may not permit us to meet our scheduled debt service obligations and these actions may not be permitted under the terms of our future debt agreements. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or obtain sufficient proceeds from those dispositions to meet our debt service and other obligations then due. Our current and future indebtedness could have negative consequences for our business, results of operations and financial condition by, among other things: • increasing our vulnerability to adverse economic and industry conditions; • limiting our ability to obtain additional financing; • requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes; • limiting our flexibility to plan for, or react to, changes in our business ~~; • diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of the Convertible Senior Notes~~ ; and • placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital. In addition, our Revolving Credit Facility contains certain restrictive covenants, including covenants that limit certain of our subsidiaries' ability to incur additional unsecured indebtedness, and our Revolving Credit Facility and the indenture that governs our **Senior** Notes contain provisions that limit the Company' s and certain of our subsidiaries' ability to incur secured indebtedness and our ability to sell all or substantially all of our assets, in each case subject to a number of exceptions and qualifications, among other things. Any future indebtedness that we may incur may contain, restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in our other indebtedness becoming immediately payable in full. Provisions in the indenture governing the ~~Convertible~~ Senior ~~Notes and the indenture governing the 2032 Notes and the 2052~~ Notes could delay or prevent an otherwise beneficial takeover of us. Certain provisions in the indenture governing the ~~Convertible~~ Senior ~~Notes and the indenture governing the~~ Notes could make a third- party attempt to acquire us more difficult or expensive. For example, under the indenture governing the ~~Convertible~~ Senior Notes, if a takeover ~~constitutes~~ **results in** a ~~fundamental~~ change **of control triggering event** , then noteholders will have the right to require us to repurchase their ~~Convertible~~ Senior Notes for cash ~~, and if a takeover constitutes a make- whole fundamental change, then we may be required to temporarily increase the conversion rate. Under the indenture governing the Notes, if a takeover results in a change of control triggering event, then noteholders will have the right to require us to repurchase their Notes for cash~~ equal to 101 % of the aggregate principal amount of such notes. In **this** ~~either case,~~ and in other cases, our obligations under the indenture governing the ~~Convertible~~ Senior ~~Notes and the indenture governing the~~ Notes could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable. ~~The convertible note hedge and warrant transactions may affect the value of our common stock. In connection with the issuance of the Convertible Senior Notes, we entered into privately negotiated convertible note hedge transactions with the hedge counterparties that cover, subject to customary anti- dilution adjustments, the number of shares of common stock that initially underlie the Convertible Senior Notes. Concurrently with the entry into the convertible note hedge transactions, we entered into separate, privately negotiated warrant transactions with the hedge counterparties collectively relating to the same number of shares of our common stock, subject to customary anti- dilution adjustments, and for which we will receive premiums to partially offset the cost of entering into the hedge transactions. The convertible note hedge transactions are intended to reduce the potential dilution with respect to our common stock or offset any potential cash payments we are required to make in excess of the principal amount of converted Convertible Senior Notes, as the case may be, upon any conversion of the Convertible Senior Notes. The warrant transactions could have a dilutive effect with respect to our common stock to the extent that the price per share of our common stock exceeds the strike price of the warrants~~

~~evidenced by the warrant transactions. In connection with establishing and maintaining their initial hedge positions with respect to the convertible note hedge transactions and the warrant transactions, we understand that the hedge counterparties or their respective affiliates may modify their hedge positions with respect to the convertible note hedge transactions and the warrant transactions from time- to- time by purchasing or selling shares of our common stock or the Convertible Senior Notes in privately negotiated transactions or open- market transactions or by entering into or unwinding various over- the- counter derivative transactions with respect to our common stock. The effect, if any, of these activities on the trading price of our common stock will depend on a variety of factors, including market conditions, and is uncertain at this time. Any of these activities could, however, adversely affect the trading price of our common stock. We are subject to counterparty risk with respect to the convertible note hedge transactions. The hedge counterparties are financial institutions, and we will be subject to the risk that they might default under certain of the convertible note hedge transactions. Our exposure to the credit risk of the hedge counterparties will not be secured by any collateral. Global economic conditions have from time- to- time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a hedge counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that hedge counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by a hedge counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any hedge counterparty. Conversion of the Convertible Senior Notes or exercise of the warrants evidenced by the warrant transactions may dilute the ownership interest of existing stockholders, including noteholders who have previously converted their notes. At our election, we may settle Convertible Senior Notes tendered for conversion entirely or partly in shares of our common stock. Furthermore, the warrants evidenced by the warrant transactions are expected to be settled on a net- share basis. As a result, the conversion of some or all of the Convertible Senior Notes or the exercise of some or all of such warrants may dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion of the Convertible Senior Notes or such exercise of the warrants could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Senior Notes may encourage short selling by market participants because the conversion of the Convertible Senior Notes could depress the price of our common stock.~~