Risk Factors Comparison 2024-03-20 to 2023-03-10 Form: 10-K

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An investment in our common stock involves a high degree of risk. Any failure to meet market expectations, including our comparable store **net** sales growth rate, earnings and earnings per share or new store openings, could cause the market price of our stock to decline. You should carefully consider the specific risk factors listed below together with all other information included or incorporated in this report and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. However, the risks and uncertainties that we face are not limited to those described below and those set forth in our SEC filings. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also arise. In such event, our business, financial condition, results of operations or prospects could be materially adversely affected. Profitability and Operational Risks Our profitability is vulnerable to increases in merchandise, shipping, freight and fuel costs, wage and benefit ~~costs~~ and other operating costs. Future increases in costs such as the cost of merchandise ~~(including the substitution of higher cost domestic goods)~~ , wage and benefit costs, ocean shipping rates, domestic freight costs, fuel and energy costs, duties and tariffs, ~~merchandise loss (due to theft, damage, or errors)~~ and store occupancy costs would reduce our profitability. We experienced material increases in wage rates and labor costs as well as in shipping rates, freight and fuel costs in ~~2022~~ **prior years** , and we expect further increases in certain cost categories in **fiscal** ~~2023~~ **2024** . ~~We~~ **In addition to pressures from a tight labor market, we** have incurred additional costs as a result of recent minimum wage increases by certain states and localities **,** and we expect additional minimum wage increases by states and localities in **fiscal** ~~2023~~ **2024** . In addition, the federal minimum wage may increase depending on the outcome of legislation proposed in Congress, and the current administration ~~may~~ **has announced it will** consider raising the minimum salary for **associates** ~~store managers~~ who **currently** have exempt status under the Fair Labor Standards Act. Separately, government or industry actions addressing the impact of climate change, or shifts in customer preferences for more sustainable ~~, energy-efficient~~ products, **or our adoption of goals or initiatives aligned with related stakeholder expectations** may result in increases in our merchandise or operating costs. In our Dollar Tree segment, we raised our primary price point on merchandise to $ 1. 25 in fiscal 2021. **We also** ~~In addition, we~~ continue to implement our ~~Dollar Tree Plus~~ **multi- price** initiative which provides our customers with ~~discretionary~~ **additional** categories priced **, for example,** at ~~the~~ $ 3 **, $ 4** and $ 5 ~~price points and beginning in fiscal 2022, we added $ 3, $ 4 and $ 5 frozen and refrigerated product in 3, 500 stores~~ . Although we have increased our price points at our Dollar Tree stores, our ability to adjust our product assortment, to operate more efficiently or to increase our comparable store net sales in order to offset cost increases is critical to maintaining our profitability levels. Supply chain constraints and higher commodity costs could make it more difficult for us to obtain sufficient quantities of certain products and could negatively affect our product assortment and merchandise costs. We can give no assurance that we will be able to adjust our product assortment, operate more efficiently or increase our comparable store net sales in the future. Although Family Dollar, unlike Dollar Tree, can more easily raise the price of merchandise, customers may buy fewer products if prices were to increase. Please see " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " for further discussion of the effect of economic factors on our operations. ~~We are experiencing higher~~ **Higher** costs and disruptions in our distribution network ~~, which have had and~~ could have an adverse impact on our sales ~~, margins~~ and profitability. Our success is dependent on our ability to import or transport merchandise to our distribution centers and store, pick and ship merchandise to our stores in a **safe,** timely and cost- effective manner **, and we are relying on a number of initiatives to improve upon our logistics execution, including new management systems** . ~~We~~ **In addition to our internal distribution network, we also** rely heavily on third parties including ocean carriers and truckers ~~in these processes. We may not anticipate, respond to or control all of the challenges of operating our distribution network. Additionally, when our distribution centers fail to operate effectively, we could experience increased freight or operational costs or merchandise shortages that could lead to lost sales. We have also experienced trucking shortages, and increased trucking and fuel costs~~ . Some of the factors that have had and could have an adverse effect on our distribution network or costs ~~in 2023~~ are: • **Efficient operations and management. Distribution centers and other aspects of our distribution network are complex and difficult to operate efficiently. If we fail to execute properly, we may not be able to deliver merchandise at the quality and in the quantities and at the times demanded to successfully meet our customers' demand. We have also experienced and could continue to experience challenges in attracting and retaining an adequate and reliable workforce. Although we have offered enhanced wages in certain markets to address the shortage of labor at our distribution centers, such measures have increased our costs and are expected to continue to increase our costs, which could have an adverse effect on our margins and profitability. •** Shipping costs. We have **previously** experienced ~~significantly~~ -- **significant changes in** ~~higher international and domestic~~ freight costs. **Ocean shipping** ~~Domestically, diesel fuel prices have been~~ and **other freight costs could** ~~are expected to remain higher and may~~ increase ~~further~~ because of ~~international tensions~~ **shocks or disruptions in the global supply chain and as freight contracts terminate or renew** . A significant increase in our freight costs could have a material adverse impact on our business and results of operations. **A return to more normalized** ~~Changes in import duties, import quotas and other trade sanctions could also increase our~~ costs ~~. • Shipping disruptions~~ **/ rates may lag a decrease in market rates based on the timing of freight contract terms** . We have **multi** ~~experienced disruptions in the global supply chain, including issues with shipping capacity, port congestion and pandemic~~ - **year contracts expiring** ~~related port closings and ship diversions. Our receipt of imported merchandise has been and may be further disrupted or delayed as a result of these or other factors. Delays could potentially have a material adverse impact on future product availability, product mix, sales and~~

~~merchandise margin, especially at Dollar Tree. In addition, our supply chain may be disrupted as a result of other international events such as armed conflict, war, economic sanctions or acts of terrorism. • Efficient operations and management. Distribution centers and other aspects of our distribution network are complex and difficult to operate efficiently, and we have experienced and could continue to experience a reduction~~ in **2025** ~~operating efficiency resulting in delayed shipments of merchandise to our stores as a result of challenges in attracting and retaining an adequate and reliable workforce. Although we have offered sign- on bonuses, enhanced wages and other inducements in certain markets to address the shortage of labor at our distribution centers, such measures have increased our costs and are expected to continue to increase our costs, which could have an adverse effect on our margins and profitability. There can be no assurances~~ that **cover approximately 54 %** ~~such measures will be adequate to attract and retain the workforce necessary for the efficient operation~~ of our ~~distribution centers~~ **import purchase volume** . • Trucking **and diesel fuel** costs. We have experienced significant increases in trucking costs in recent years due to a truck driver shortage and other factors. The truck driver shortage also required us to increase our use of more expensive surge carriers to transport our merchandise. ~~• Diesel fuel costs.~~ We have **also** experienced volatility in diesel fuel costs and are expecting increases to continue in fiscal ~~2023~~ **2024** and may worsen, for example, because of the impact of international events such as trade restrictions on Russia on oil prices. • **Shipping disruptions. We have experienced disruptions in the global supply chain, including issues with shipping capacity, port congestion and pandemic- related port closings and ship diversions. In addition, our supply chain may be disrupted because of other international events such as armed conflict, war, economic sanctions or acts of terrorism. Current tensions in the Red Sea and traffic restrictions through the Panama Canal are causing global supply chain disruptions that could increase ocean shipping costs and transit times. Our receipt of imported merchandise has been and may in the future be disrupted or delayed because of these or other factors. Delays could potentially have a material adverse impact on future product availability, product mix, overall sales, and merchandise margins, especially at Dollar Tree. • Labor disagreement. Labor disagreements, disruptions or strikes, including at ports, rail networks, transportation companies, or other parts of our distribution network may result in lost sales due to shipping delays or disruptions in the delivery of merchandise to our distribution centers or stores and increase our costs. •** Vulnerability to natural or man- made disasters, including climate change. A fire, explosion or natural disaster at a port or any of our distribution or store support facilities could result in a loss of merchandise and impair our ability to adequately stock our stores. Some facilities are vulnerable to earthquakes, hurricanes, tornadoes or floods, and an increase in the severity and frequency of extreme weather events and patterns may increase our operating costs, disrupt manufacturing or our supply chain, change customer buying patterns, result in closures of our stores or distribution and store support centers and impede physical access to our stores ~~. • Labor disagreement. Labor disagreements, disruptions or strikes, including at ports, rail networks or transportation companies, may result in lost sales due to shipping delays or disruptions in the delivery of merchandise to our distribution centers or stores and increase our costs~~ . • Direct- to- store deliveries. We rely on a limited number of suppliers for certain consumable merchandise, including frozen and refrigerated products. ~~In fiscal 2022, we purchased and delivered approximately 15 % of our merchandise for our Family Dollar segment, and to a lesser extent for our Dollar Tree segment, through our relationship with McLane Company, Inc., which distributes consumable merchandise from multiple manufacturers. We also rely on third parties to deliver frozen and refrigerated product, as well as chocolate in the summer, to our Dollar Tree stores.~~ To the extent that supply chain disruptions and higher costs affect our suppliers, we may be subject to delays or reductions in deliveries and higher costs for merchandise ~~. A substantial disruption in our relationship with or in service levels from these suppliers could have a material adverse impact on our business and results of operations~~ . We may stop selling or recall certain products for safety- related or other issues. We may stop selling or recall certain products, including our private label brands, for safety- related or other issues, including product contamination, product content, improper manufacturing **or distribution** processes, improper testing, product mislabeling or product tampering. We may also stop selling or recall products if the products, the operations of our suppliers, or our operations violate applicable laws or regulations, including food, drug and cosmetic safety laws, or raise potential health and safety- related issues, including improper storage, product mishandling, contamination or other adulteration, or when products **or their contents** could cause injury, illness or death. Any recall may require significant management attention, and we could experience significant costs, lost sales, compliance or enforcement actions by governmental authorities which could result in fines or other penalties, and / or product liability legal claims and consumer lawsuits. Recalls may also subject us to public claims of false or deceptive advertising and other criticism. A significant product liability or other legal judgment against us, a regulatory enforcement action or a product recall could materially and adversely affect our reputation, financial condition and / or results of operations. ~~Moreover, the negative publicity surrounding assertions against the products we sell or the standards we uphold could materially and adversely affect our business, reputation and / or profitability.~~ Additionally, any product recall may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses. We ~~have experienced the foregoing risks in connection with a retail- level recall that was initiated on February 18, 2022 in relation to our Family Dollar Distribution Center 202 in Arkansas (" DC 202 "). For more information, see " Litigation, arbitration and government proceedings may adversely affect our business, financial condition and / or results of operations " on page 17 which includes, among other things, a description of legal proceedings relating to issues associated with DC 202. Our business and results of operations~~ could ~~be materially harmed if we~~ experience a decline in consumer confidence and spending **because** ~~as a result~~ of ~~consumer~~ concerns about the quality and safety of our products or our brand standards. We could experience a decline in consumer confidence and spending if our customers become concerned about the quality and safety of the products we sell. ~~To~~ **The sale of private brand items is an important component of our sales growth and gross profit** ~~date~~ **rate enhancement plans. The sale and expansion of these offerings also subjects us to or increases certain risks** , **such as: product liability claims and product recalls; disruptions in raw material and finished product supply and distribution chains; supplier labor and human rights issues, and** other **risks generally encountered by entities** ~~than with respect to the~~

~~stores temporarily closed to permit the removal and destruction of relevant inventory, we have not experienced significant lost sales in connection with the Recall, but there can be no assurances~~ that **source, sell** ~~consumer confidence in the quality~~ and **market exclusive branded offerings** ~~safety of our products resulting from the Recall will not decline in the future. If there is a decline in consumer confidence in our products or~~ **for retail. Failure to appropriately address these risks could materially and adversely affect our private** ~~brands~~ - **brand initiatives** , ~~our~~ reputation **,** ~~may be adversely affected and we may experience additional lost sales which could have a material adverse impact on our business and~~ results of operations **and financial condition** . Inflation or other adverse change or downturn in economic conditions could impact our sales or profitability. A deterioration in economic conditions could reduce consumer spending or cause customers to shift their spending to products we either do not sell or do not sell as profitably. Adverse economic conditions such as a recession could disrupt consumer spending and significantly reduce our sales, decrease our inventory turnover, cause greater markdowns **,** or reduce our profitability due to lower margins. Other factors that could result in or exacerbate adverse economic conditions include inflation, higher unemployment, consumer debt levels, trade disputes, as well as adverse climate or weather conditions, worsening or new epidemics, terrorism **,** or international tensions, including armed conflict and economic sanctions. Furthermore, factors that could adversely affect consumer disposable income could decrease our customers' spending on products we sell most profitably. In fiscal ~~2022~~ **2023** , we **continued to** ~~experienced~~ - **experience** a material shift in consumer purchasing from higher- margin discretionary merchandise to lower- margin consumable goods ~~which has negatively impacted our product mix and margins~~ . Factors that could reduce our customers' disposable income and over which we exercise no influence include ~~but are not limited to,~~ inflation in food, housing, fuel or other energy costs, increased unemployment, increases in interest rates, lack of available credit, higher tax rates and other changes in tax laws, increasing healthcare costs, and changes in ~~, decreases in, or elimination of,~~ government subsidies such as unemployment and food assistance programs ~~. Although governmental authorities adopted substantial measures~~ , including **the Supplemental Nutrition** ~~fiscal and monetary stimulus, to provide economic assistance~~ **Assistance Program (" SNAP ")** ~~to individual households and businesses and support economic stability during the COVID-19 pandemic, certain of the government assistance payments to households were temporary and were permitted to expire. There can be no assurance that current or future governmental efforts to support the economy during the pandemic or a recession will be sufficient to support future consumer spending at levels experienced previously or mitigate the negative effect of the pandemic on the economy~~ . If consumer spending on the goods we sell declines as a result, there could be a material adverse impact on our business and results of operations. Many of the factors identified above that affect disposable income, as well as ~~merchandise~~ **our** ~~costs~~ - **cost** ~~, commodity rates, transportation costs (including the costs~~ of **goods sold** ~~diesel fuel), costs of labor, insurance~~ and ~~healthcare, foreign exchange rate fluctuations, lease costs, barriers or~~ **our selling, general** ~~increased costs associated with international trade~~ and ~~other economic factors~~ **administrative expenses,** also affect our ability to implement our corporate strategy effectively ~~, our cost of goods sold and our selling, general and administrative expenses,~~ and may have other adverse consequences which we are unable to fully anticipate or control, all of which may adversely affect our sales or profitability. We have limited or no ability to control many of these factors. ~~If the COVID- 19 pandemic and associated disruptions worsen or continue longer than expected, there could be a material adverse impact on our business and results of operations. The continuing COVID- 19 pandemic arising from a novel strain of coronavirus and its variants has caused on-going direct and indirect economic disruptions that have adversely affected, and are expected to continue to adversely affect, elements of our business. The COVID- 19 pandemic, related public health measures and associated economic and social impacts have already contributed to, among other things, significant increases in the cost of operating our stores and distribution centers, disruptions in the patterns of consumer demand and traffic, and an increase in demand for online sales (which is an insignificant part of our business), home deliveries (which we began providing in 2021 through our partnership with Instacart) or curbside deliveries (which we do not offer), and changes in the labor markets. There continues to be uncertainty and unpredictability about the lingering impact of COVID- 19- related issues on our financial and operating results in future periods. If the pandemic worsens or continues longer than expected (as new variants emerge), governments may reinstate or extend business or personal restrictions, and we could be forced to curtail or restrict operations or incur additional costs. If major new variants emerge, we might also experience new disruptions in our supply chain and sources of supply, suffer facility closures or encounter additional difficulties in hiring or retaining the workforce required for our business. These circumstances, if applicable for an extended duration or across significant parts of our operating footprint, or if they fall during particularly meaningful holiday seasons, could have a material adverse effect on our business and results of operations. We are unable to predict the full extent to which COVID- 19- related issues will affect the economy and our customers, associates, suppliers, vendors, other business partners or our business, results of operations and financial condition. If the economic consequences of the pandemic linger and / or worsen, it could amplify many of the other risks described in this report.~~ Risks associated with **merchandise supply** ~~our domestic and foreign suppliers~~ could adversely affect our financial performance. We are dependent on our vendors, including direct ship vendors, to supply **suitable** merchandise in a timely and efficient manner **at favorable costs** . If a vendor fails to deliver on its commitments due to financial or other difficulties **, or if we are unable to source an expanded assortment of appropriate product to meet our merchandising strategies** , we could experience merchandise shortages which could lead to lost sales or increased merchandise costs if alternative sources must be used. We rely on the timely availability of imported goods at favorable wholesale prices. Merchandise imported directly typically accounts for approximately 41 %- 43 % of our Dollar Tree segment' s total retail value purchases and approximately 15 %- 17 % of our Family Dollar segment' s total retail value purchases. In addition, we believe that a significant portion of our goods purchased from domestic vendors is imported. Imported goods are generally less expensive than domestic goods and result in higher profit margins. A disruption in the flow of our imported merchandise or an increase in the cost of those goods may significantly decrease our profits. Risks associated with our reliance on imported goods may include disruptions in the flow of or increases in the cost of imported goods because of factors such as: • duties, tariffs or other restrictions on trade, including Section 301 tariffs ~~that have already been imposed on~~

~~imported Chinese goods~~ ; • raw material shortages, work stoppages, government restrictions, strikes and political unrest, including any impact on vendors or shipping arising from epidemics ~~, such as the COVID- 19 pandemic~~ ; • economic crises in the United States or abroad and international disputes or conflicts, including **military confrontation, blockade,** war and economic sanctions; • changes in currency exchange rates or government policies and local economic conditions, including inflation (including energy prices and raw material costs) in the country of origin; • potential changes to international trade agreements or the failure of the United States to maintain normal trade relations with ~~China and~~ other countries; **and** • changes in leadership and the political climate in countries from which we import products and their relations with the United States **. Among** ~~; and • failure of manufacturers outside the United States to meet food, drug and cosmetic safety and labeling requirements or~~ **our** ~~environmental standards set by government regulators or consumer expectations. Our supply chain may be disrupted by changes in United States trade policy with China. We rely on domestic and~~ foreign suppliers ~~to provide us with merchandise in a timely manner and at favorable prices. Among our foreign suppliers~~ , China is the source of a ~~substantial~~ **vast** majority of our **direct** imports. A disruption in the flow of our imported merchandise from China or an increase in the cost of those goods may significantly decrease our profits. While the United States scaled back punitive Section 301 tariffs on certain Chinese imports based on an agreement reached with China in 2020, the **political outlook remains uncertain. The** imposition of any new U. S. tariffs on Chinese imports or the taking of other actions against China in the future, and any responses by China, could impair our ability to meet customer demand and could result in lost sales or an increase in our cost of merchandise, which would have a material adverse impact on our business and results of operations. Our growth is dependent on our ability to increase sales in existing stores and to expand our square footage profitably. Existing store sales growth is critical to good operating results and is dependent on a variety of factors, including merchandise quality, relevance and availability, store operations and customer satisfaction. In addition, increased competition could adversely affect our sales. ~~Failure~~ **We have embarked on several initiatives** to ~~meet~~ **increase** our sales **and profitability, some of which remain in the early** ~~targets~~ -- **stages** ~~could~~ **. At the same time, the company recently concluded a comprehensive performance review of its store portfolio and announced the closure of approximately 970 Family Dollar and 30 Dollar Tree stores. For more information, see " Item 7. Management' s Discussion and Analysis of Financial Condition and** ~~result~~ **Results** ~~in our needing~~ **of Operations " and Note 16** to ~~record material~~ **our consolidated financial statements. Expanding our square footage profitably depends** ~~non~~ - **on a number of uncertainties, including our ability to locate, lease, build out and open or expand stores in suitable locations on a timely basis under favorable economic terms. We also open or expand stores within our established geographic markets, where new or expanded stores may draw sales away from our existing stores. Obtaining an increasing number of profitable stores is an ever** - ~~cash impairment charges related to~~ **increasing challenge. In addition,** our ~~intangible assets~~ **expansion is dependent upon the company and its third- party developers' abilities to acquire land, obtain financing, and secure necessary permits and approvals** . We ~~believe~~ **have experienced higher commodity and other costs associated with the build- out of new stores and the renovation of existing stores. We have also experienced delays in new store openings and the renovation of existing stores due to inspection, permitting and contractor delays. In addition, we have experienced delays in new store openings due to limitations on the availability of certain fixtures and equipment. We anticipate these increased costs and delays may continue for the foreseeable future, which could adversely affect our sales and profitability. Further, we may not manage our expansion effectively, and our failure to achieve our expansion plans could materially and adversely affect our business, financial condition and results of operations. Our profitability is affected by the mix of products we sell. Our gross profit margin decreases when we** ~~increasing~~ **increase** ~~be negatively impacted as the percentage of~~ our sales from higher cost consumable products increases.Imported merchandise and private label goods generally carry lower costs than domestic goods.Our product mix is affected by the supply of goods,including imported goods,and could be negatively impacted by various factors,including those described under " **We are experiencing** ~~Higher~~ **higher** costs and disruptions in our distribution network **,which have had and** could have an adverse impact on our sales **,margins** and profitability " on page 11.In our Family Dollar segment,our success also depends on our ability to select and obtain sufficient quantities of relevant merchandise at prices that allow us to sell ~~such merchandise at~~ sales at Family Dollar **could suffer. We are continuing to refine our pricing strategy at Family Dollar to drive customer loyalty and have a strategic pricing team to improve our value and to increase profitability. Our inability to successfully implement our pricing strategies at Family Dollar could have a negative effect on our business. In addition, our Family Dollar segment has a substantial number of private brand items, and the number of such items has been increasing. We believe our success in maintaining broad market acceptance of our private brands** depends ~~in significant part~~ on ~~several initiatives~~ **many factors** , including ~~price reductions~~ **our pricing** , ~~some~~ **costs, quality, customer perception and timely development and introduction** of ~~which remain in~~ **new products. We may not achieve or maintain our expected sales for our private brands and, as a result, our business and results of operations could be adversely impacted. Additionally,** the ~~early stages~~ **increased number of private brands could negatively impact our existing relationships with our non- private brand suppliers. Our business is seasonal, and adverse events during the fourth quarter could materially affect our full- year financial results** . Our highest sales periods are during the Christmas and Easter seasons, and we generally realize a disproportionate amount of our net sales and our operating and net income during the fourth quarter. In anticipation, we stock extra inventory and hire many temporary employees to prepare our stores and help ship product from our distribution centers **. Lead times for seasonal product purchases are longer and could result in inventory markdowns if sales do not meet expectations** . A reduction in sales during these periods could adversely affect our operating results, particularly operating and net income, to a greater extent than if a reduction occurred at other times of the year. Untimely merchandise delays due to receiving or distribution problems could have a similar effect. When Easter is observed earlier in the year, the selling season is shorter and, as a result, our sales could be adversely affected. Easter was observed on April ~~17~~ **9** , ~~2022~~ **2023 ,** and will be observed on ~~April 9~~ **March 31** , ~~2023~~ **2024** . ~~Expanding~~ **Failure to protect our inventory**

~~our -~~ - **or** ~~square footage profitably depends on a number~~ **other assets from loss and theft may impact our financial results. Risk** of ~~uncertainties~~ **loss or theft of assets** , including **inventory shrinkage** ~~our ability to locate~~ , **is inherent** ~~lease, build out and open or expand stores~~ in ~~suitable locations on a timely basis under favorable economic terms~~ **the retail business and has recently reached historically high rates** . **Loss** ~~We also open or expand stores within our established geographic markets, where new or expanded stores~~ may ~~draw sales away from~~ **be caused by error** ~~our~~ - **or misconduct** ~~existing stores. Obtaining an increasing number~~ of **associates** ~~profitable stores is an ever- increasing challenge. In addition~~ , **customers, vendors** ~~our~~ - **or other** ~~expansion is dependent upon~~ third **parties including through organized retail crime** ~~- party developers' abilities to acquire land~~ - **and professional theft** , ~~obtain financing,~~ and ~~secure necessary permits and approvals~~ **may be further impacted by macroeconomic factors, including the enforcement environment, or may be the result of damage or destruction of our inventory by natural disasters** . We have experienced **charges in** ~~higher commodity and other~~ -- **the past, and our inability to** ~~costs~~ - **cost** ~~associated with the build~~ - **effectively prevent** ~~out of new stores~~ and **/ or minimize the loss or** ~~the~~ **theft** ~~renovation~~ of ~~existing stores~~ **assets, or to accurately predict and accrue for the impact of those losses, could adversely affect our operating results** . We have **risks related to** ~~also experienced delays in new store openings and~~ the ~~renovation~~ **security** of ~~existing~~ **our facilities including risks of personal injury to customers or associates. We operate** stores ~~due~~ **and other facilities in locations subject** to ~~inspection~~ **a risk for crimes of break- ins** , ~~permitting~~ **theft, property damage, and interpersonal violence, which may include** ~~and~~ - **an** ~~contractor delays~~ **active shooter or mass casualty / damage event** . **While** ~~In addition,~~ we have **instituted programs aimed at reducing** ~~experienced delays in new store openings due to limitations on the availability of certain fixtures and equipment. We anticipate~~ these ~~increased costs and delays may continue~~ **risks, particularly of workplace violence, no security** ~~for~~ - **or safety program is 100 % effective, and there is a risk that** ~~the~~ **they will** ~~foreseeable future, which could adversely affect our sales and profitability. Further, we may~~ not **prevent** ~~manage our expansion effectively, and our failure to achieve our expansion plans could materially and adversely affect our business, financial condition and results of operations. Our profitability is affected by the mix of products we sell. Our gross profit margin decreases when we increase the proportion of higher cost goods we sell. For example, some of our consumable products carry higher costs than other~~ -- **the occurrences** ~~goods, so our gross profit margin will be negatively impacted as the percentage~~ of our sales from higher cost consumable products...... at prices that allow us to sell such **crimes** ~~merchandise at profitable and appropriate prices. A sales price that is too high causes products to be less attractive to our~~ - **or related harms** ~~customers and our sales at Family Dollar could suffer~~ . **Any such incidents of violence** ~~We are continuing to refine our pricing strategy at Family Dollar to drive customer loyalty and have a strategic pricing team to improve our value and to increase profitability. Our inability to successfully implement our pricing strategies at Family Dollar~~ could have a negative effect on our business ~~. In addition~~ , **financial condition, results of operations, associate relations** ~~our~~ - **or customer reputation** ~~Family Dollar segment has a substantial number of private brand items and the number of such items has been increasing~~ . We **face significant** ~~believe our success in maintaining broad market acceptance of our private brands depends on many factors, including our pricing, costs, quality and customer perception. We may not achieve or maintain our expected sales for our private brands and, as a result, our business and results of operations could be adversely impacted. Additionally, the increased number of private brands could negatively impact our existing relationships with our non- private brand suppliers. Pressure~~ **pressure** from competitors **which** may reduce our sales and profits. The retail industry is highly competitive **with respect to price, customers, store locations, merchandise quality, product assortment, service offerings, product sourcing, labor, and market share** . The marketplace is highly fragmented as many different retailers compete for market share by utilizing a variety of store formats and merchandising strategies, including mobile and online shopping. **To remain competitive, we may be required to change our product offering or lower our prices, but our ability to do so may be limited with the result that we could see lower sales or reduced profitability.** We expect competition to increase in the future. There are no significant economic barriers for others to enter our retail sector. Some of our current or potential competitors have greater financial **, distribution, marketing and other** resources than we do **. The substantial growth in e- commerce has also encouraged the entry of many new competitors, new business models, and an increase in competition from established companies looking for ways to create successful online shopping alternatives** . We cannot guarantee that we will continue to be able to compete successfully against existing or future competitors, and we believe that doing so may require substantial capital expenditures **, for example in technology. Our ability to effectively compete will depend upon our ability to successfully develop and execute on our strategic initiatives** . Please see " Item 1. Business " for further discussion of the effect of competition on our operations. Our business could be adversely affected if we fail to **manage our organizational talent and capacity, including** ~~attract~~ **attracting** and ~~retain~~ **retaining** qualified associates and key personnel. Our growth and performance are dependent on the skills, experience and contributions of our associates, executives and key personnel for both Dollar Tree and Family Dollar. ~~Various~~ **At our stores and distribution centers, we must recruit, develop, train, and retain qualified and diverse associates in relatively large numbers, while also working to decrease turnover in these positions. Our ability to meet labor needs while controlling costs is subject to many external** factors, including **competition for and** ~~the pandemic, constraints on overall labor~~ availability **of qualified personnel, unemployment levels** , wage rates **and salary levels (including the heightened possibility of increased federal** , **state and / or local minimum wage rates / salary levels), health and other insurance costs, changes in employment and labor laws or other workplace** ~~regulatory~~ **regulations** ~~or legislative impacts, and~~ **(including those relating to employee** benefit **programs such as health insurance** ~~costs could impact our ability to attract~~ and **paid leave programs)** ~~retain qualified associates at our stores~~ , ~~distribution centers and corporate offices. We are experiencing a shortage of associates and applicants to fill staffing requirements at our distribution centers, stores and corporate offices due to the current~~ labor **activism, associate safety issues, associate expectations** ~~shortage affecting businesses. This has adversely affected the operating efficiency of our distribution centers~~ and ~~stores~~ **productivity,** and our **reputation and relevance within the labor market** ~~ability to transport merchandise from our distribution centers to our stores~~ . If we are unable to attract **, develop** and retain **adequate numbers of** qualified associates **, our operations, customer service levels, legal and regulatory compliance, and support functions could suffer. In addition, to the extent a significant portion of our associate base unionizes, or attempts to unionize, our labor and other related costs could increase. The potential financial impact of union organization is further compounded by the possibility of federal agencies adopting or imposing changes to existing labor law that could facilitate union organizing. We currently do not have any employees represented by unions. Our ability to pass along labor and other related costs to our customers is constrained by our pricing model, and we may not be able to offset such increased costs elsewhere in our business. Successful execution of our plans and strategies also depends on the efforts of key management personnel. The labor market** for **these executives and other key personnel is nationwide in scope and intensely competitive. The loss of such personnel,** ~~our~~ - **or** ~~distribution centers~~ **the inability to hire, train, motivate** and **retain** ~~stores in the~~ **them , or to manage changes to our organizational structure and capacity, could, at least temporarily, have an adverse effect on the company' s operating results and financial condition. In addition, failure to develop an adequate succession plan for senior positions could reduce our organizational capabilities and competitive advantage during a transition. Turnover in such positions can disrupt progress in implementing business strategies, result in a loss of institutional knowledge, cause greater workload demands for remaining team members and divert attention away from key areas of the business, or otherwise negatively impact the company' s growth prospects or** future ~~,~~ **operating results. We rely on third parties in many aspects of** our business **, which creates additional risk. Due to the scale** and **scope of our business, we must rely on relationships with third parties, including our suppliers, distributors, landlords, contractors, and external business partners. If we are unable to effectively manage our third- party relationships and the agreements under which our third- party partners operate, our** results of operations ~~may~~ **and cash flows could** be adversely ~~affected~~ **impacted. Further, failure of these third parties to meet their obligations to the company or substantial disruptions in the relationships between the company and these third parties could adversely impact our operations and financial results. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our financial, legal, reputational and operational risk. In fiscal 2023, we purchased and delivered approximately 15 % of our merchandise for our Family Dollar segment, and to a lesser extent for our Dollar Tree segment, through our relationship with McLane Company, Inc., which distributes consumable merchandise from multiple manufacturers. We also rely on third parties to deliver frozen and refrigerated product, as well as chocolate in the summer, to our Dollar Tree stores** . Risks Relating to Strategic Initiatives We may not be successful in implementing or in anticipating the impact of important strategic initiatives, and our plans for implementing such initiatives may be altered or delayed due to various factors, which may have an adverse impact on our business and financial results. We ~~completed the conversion~~ **continue to execute on a number** of ~~our predominant~~ **strategic initiatives across the Dollar Tree and Family Dollar banners to drive** ~~product~~ **productive** ~~price from~~ **sales growth and improve operating efficiency, including, among others: • We continue to expand our Dollar Tree brand assortment at the** $ 1. ~~00 to $ 1.~~ 25 ~~for the vast majority of merchandise in all Dollar Tree stores during the first quarter of fiscal 2022. Although to date the increase in the~~ price point ~~has more than offset the decline in the number of units sold, there can be no assurances that the price increase will not have an~~ **and expand** ~~adverse effect on~~ our ~~business in the future. In addition, we are continuing to implement our important strategic initiatives that are designed to create growth, improve our results of operations and drive long- term shareholder value, including: • the expansion of a~~ multi- price **product assortment.** ~~initiative in Dollar Tree stores; •~~ **Our initiatives at** ~~the introduction of selected Dollar Tree merchandise into~~ Family Dollar **provide tailored store formats and significantly improved merchandise offerings. • Our comprehensive store portfolio optimization review to improve profitability by identifying candidates for closure or re- bannering. • Across both banners, we have initiatives to provide competitive pay and benefits, enhanced training, and other projects to support our workforce as well as initiatives to optimize and modernize our** stores ~~;~~ **.** • ~~the roll~~ **Our supply chain initiatives include optimizing our transportation network and distribution methods. • We continue our significant investments in our technology across our business, including our store network and point** - ~~out~~ of **- sale,** ~~the Combo Store format that combines a Dollar Tree store and Family Dollar store in a single location; • the renovation of Family Dollar stores to the H2 and other formats; • our partnership with Instacart to provide home delivery of merchandise~~ **merchandising** ~~purchased online;~~ and **supply chain** ~~• our plans relating to new store openings for Dollar Tree and Family Dollar generally~~ . The implementation, timing and results of these **complex** strategic initiatives are subject to various risks and uncertainties, ~~including~~ **which may require that we make significant estimates and assumptions in our planning. These initiatives place significant demands on our accounting, financial, information technology, and other systems, and on our business overall. We are dependent on our management' s ability to oversee these initiatives effectively and implement** ~~the~~ **them** ~~acceptance~~ **successfully. If our estimates and assumptions about our initiatives are incorrect, or if we miscalculate the resources or time, we need to complete them or fail to execute on them effectively, our pursuit** of **these initiatives may increase our costs and reduce our margins and profitability. To be effective, our strategies have and will continue to require significant investment in cross- functional operations and management focus, along with supporting investments. If we are unable to attract and retain employees or contract with third parties having the specialized skills needed to support our efforts, implement improvements to systems in a timely manner, our ability to compete and our results of operations could be adversely affected. In addition, if initiatives related to our** multi- priced merchandise ~~by~~ **at** Dollar Tree **,** ~~customers; customer acceptance of~~ new store concepts and merchandise offerings ~~; construction and permitting delays relating to new and renovated stores; the availability of desirable real estate locations for lease at reasonable rates; the lingering impact of the COVID- 19 pandemic and associated economic issues; the success of our strategies; and other factors beyond our control. In addition, several of these initiatives depend on the timeliness, cost and availability of adequate levels of the appropriate domestic and imported merchandise, our~~

~~ability to execute on our plans and expectations with respect to those initiatives and our ability to implement those initiatives within budget and with the expected return. To the extent that shipping delays, supply chain disruptions and other distribution logistics adversely affect the availability of merchandise necessary to implement our strategic initiatives, we may delay or reduce our planned rate of implementation of one or more of those initiatives. In addition, building on our current initiatives, we are currently developing plans to make additional multi- year strategic investments across the Dollar Tree and Family Dollar banners to further position the company for long- term sustained growth. We anticipate that these investments will relate to four key areas of our business: our associates, our distribution center network and supply chain, our product pricing and value proposition, and our technology infrastructure. Within these areas, the focus of these investments is expected to be on associate wages, improved store execution, enhanced safety and working conditions, increased supply chain efficiencies, competitive pricing~~ at Family Dollar, and **improved customer experience** ~~enhancements to our systems infrastructure. There is a risk that our investments in these initiatives may increase our costs and reduce our margins and profitability if the initiatives~~ do not **appeal to our customers or if** ~~achieve their intended purposes. There can be no assurance that~~ we **are** ~~will be able~~ **unable** to ~~implement important~~ **consistently meet our brand execution promises in a cost- effective manner, we may experience a loss of customer confidence or lost sales, which could adversely affect our reputation and results of operations. A failure to properly execute our plans and business** ~~strategic~~ **strategies** ~~initiatives~~ **, delays** in ~~accordance~~ **executing our plans and business strategies, increased costs associated** with ~~our expectations~~ **executing on** ~~or~~ **our plans** ~~that they will generate expected returns, which may result in an~~ **and business strategies, or failure to identify alternative strategies could have a material** adverse ~~impact~~ **effect** on our business ~~and~~ **,** financial **position,** results **of operations, and cash flows** . We ~~could~~ **have** ~~incur~~ **incurred** losses due to impairment of **goodwill and other** long- lived ~~assets, goodwill and intangible~~ assets. Under U. S. generally accepted accounting principles, we review our long- lived assets for impairment whenever economic events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Identifiable intangible assets with an indefinite useful life, including goodwill, are not amortized but are evaluated annually for impairment. **An** ~~A more frequent~~ evaluation is **also** performed if events or circumstances indicate that impairment could have occurred. **For example, in the fourth quarter of fiscal 2023 the company initiated a comprehensive store portfolio optimization review, and its recently announced decisions to close approximately 970 underperforming Family Dollar stores and approximately 30 underperforming Dollar Tree stores has led to additional impairments of related assets. The Family Dollar goodwill and trade name comprise a substantial portion of our goodwill and indefinite- lived intangible assets and management' s judgment utilized in the Family Dollar goodwill and trade name impairment evaluations is critical. Please refer to " Critical Accounting Estimates and Assumptions " in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. "** Should we experience business challenges or significant negative industry or general economic trends, we could recognize **additional** impairments to our goodwill, intangible assets and other long- lived assets. We monitor key assumptions and other factors utilized in our ~~goodwill~~ impairment analysis, and if business or other market conditions develop that are materially different than we currently anticipate, we will conduct an additional impairment evaluation. Any reduction in or impairment of ~~the value of goodwill or intangible~~ assets will result in a charge against earnings, which could have a material adverse impact on our reported results of operations and financial condition. **During the fourth quarter of fiscal 2023, we recorded a $ 1, 069. 0 million non- cash goodwill impairment charge, a $ 950. 0 million non- cash trade name impairment charge, and a $ 503. 9 million non- cash store asset impairment charge.** For additional information on ~~goodwill~~ **recent** impairments, please refer to Note ~~1~~ **15 and Note 16** to our consolidated financial statements ~~under the caption " Goodwill and Nonamortizing Intangible Assets~~ . ~~"~~ Cybersecurity and Technology Risks We rely on computer and technology systems in our operations, and any material failure, inadequacy, interruption or security failure of those systems, including because of a **cyberattack** ~~cyber- attack~~ , could harm our ability to effectively operate and grow our business and could adversely affect our financial results. We rely extensively on our computer and technology systems and, in certain cases, those of third- party service providers to support nearly all key functions in our business, including managing inventory, operating our stores, processing credit card and customer transactions and summarizing results. Our ability to effectively manage our business and coordinate the distribution and sale of our merchandise depends significantly on the capabilities, confidentiality, integrity and availability of these systems and on our ability to successfully acquire and integrate upgraded or replacement systems as needed to support our business requirements and strategic initiatives. We also rely on third- party providers and platforms for many of these computer and technology systems and support. Although we have operational safeguards in place, they may not be effective in preventing the failure of these systems or platforms to operate effectively and be available to us. This may be as the result of deliberate breach in the security of these systems or platforms by bad actors, including through malicious software, ransomware and other **cyberattacks** ~~cyber- attacks~~ , which may originate from state actors and may increase during times of international tensions. Failures may also be caused by various other factors, including power outages, catastrophic events, physical theft, computer and network failures, inadequate or ineffective redundancy, obsolescence or failure of vendor support, ~~problems with transitioning to upgraded or replacement systems or platforms and related business process changes,~~ flaws in third- party software or services, errors or improper use by our employees or third- party service providers. ~~We plan to make~~ **To support the growth of our business, we are making substantial** investments in our information technology systems **. Transitioning** ~~in fiscal 2023~~ to ~~support the~~ **these** ~~growth~~ **new or upgraded processes and systems requires significant capital investments and personnel resources. Implementation is also highly dependent on the coordination** of **numerous associates, contractors and software and system providers. While these efforts have resulted in improvements to our operational systems, we expect to continue to incur expenses to implement additional improvements and upgrades to our systems. Many of these expenditures have been and may continue to be incurred in advance of the realization of any direct benefits to** our business **. We cannot guarantee that we will be successful at improving our operational systems, or that our efforts will result in the anticipated benefits to us. We may also**

experience difficulties in implementing or operating our new or upgraded operational or IT systems, including, but not limited to, ineffective or inefficient operations, significant system failures, system outages, delayed implementation and loss of system availability, which could lead to increased implementation and / or operational costs, loss or corruption of data, delayed shipments, excess inventory and interruptions of operations resulting in lost sales and / or profits . If our information technology systems **, upgrades and associated change management** are not adequate to support our **business and our** strategic initiatives, our ~~growth~~ **financial condition** and **results** ~~the success~~ of **operations could** ~~our initiatives may~~ be adversely affected **, and** ~~. If these systems are damaged or~~ **our business** ~~fail to function adequately, we~~ may **become** ~~incur substantial costs to repair or replace them, may experience loss~~ **less competitive** ~~of critical data and interruptions or delays in our ability to manage inventories or process customer transactions and may receive negative publicity, which could adversely affect our results of operations and business. In addition, remediation of any problems with our systems could take an extensive amount of time and could result in significant, unplanned expenses~~ . The potential unauthorized access to ~~customer information~~ **our systems could disrupt operations or lead to the theft of data which** may violate privacy laws and could damage our business reputation, subject us to negative publicity, litigation and costs, and adversely affect our results of operations or ~~business~~ **financial condition** . Many of our information technology systems, such as those we use for our point- of- sale, web and mobile platforms, including online and mobile payment systems, and for administrative functions, including human resources, payroll, accounting, and internal and external communications, contain personal, financial or other confidential information that is entrusted to us by our customers and associates as well as proprietary and other confidential information related to our business and suppliers. **We are exposed to persistent and substantial risks from cybersecurity threats, as the number of cyberattacks targeting retailers and corporate networks grows, and the volume, intensity and sophistication of attempted attacks, intrusions and threats from around the world increase daily. Both we and our vendors have experienced data security incidents; however, to date, these incidents have not been material to our results of operations.** The security measures that we and / or our third- party ~~suppliers~~ **partners** put in place cannot provide absolute security to **prevent harm to our systems or** safeguard our customers' personal information (including debit and credit card information), our associates' private data, suppliers' data, and our business records and intellectual property and other sensitive information. Cybercriminals, who may include well- funded state actors or organized criminal groups, are rapidly evolving their cyberattack techniques and tactics, which are becoming increasingly more sophisticated and challenging to detect. We and / or our third- party suppliers may be vulnerable to and unable to anticipate, detect, and appropriately respond to ~~cyber- security~~ **cybersecurity** attacks, including data security breaches and data loss. We are also subject to laws and regulations in various jurisdictions in which we operate regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal data **of customers, associates, or others** . These laws permit regulators to assess potentially significant fines for data privacy violations and may create a right for individuals to bring class action suits seeking damages for violations. Our efforts to comply with consumer privacy laws and other similar privacy and data protection laws may impose significant costs and challenges that are likely to increase over time, and we could incur substantial penalties or be subject to litigation related to violation of existing or future data privacy laws and regulations. Likewise, we are subject to the Payment Card Industry Data Security Standards (" PCI- DSS ") which is mandated by the card brands and administered through the Payment Card Industry Security Standards Council. As a Level 1 Merchant, we are subject to assessment and attestation for PCI- DSS compliance on an annual basis. A failure to meet and maintain compliance with PCI- DSS requirements could result in our inability to continue to accept credit cards as a form of payment, which would materially impact our ability to sell our products. In addition, our credibility and reputation within the business community and with our customers may be affected, which could result in our customers discontinuing the use of debit or credit cards in our stores or not shopping in our stores altogether. Non- compliance with PCI- DSS requirements also may subject us to recurring and accumulating fines until compliance is achieved. Considerable investments to strengthen our information security could also be required should we ever be deemed to be non- compliant. **We are currently in compliance with the PCI- DSS standards.** Moreover, significant additional capital investments and other expenditures could also be required to continue to strengthen our overall ~~cyber- security~~ **cybersecurity** posture and prevent future security breaches, including costs associated with additional security technologies, personnel, experts and services (e. g., credit- monitoring services) for those whose data has been breached. These costs, which could be material, could adversely impact our results of operations in the period in which they are incurred and may not meaningfully limit the success of future attempts to breach our information technology systems. The unavailability of ~~our~~ information technology systems **on which we rely** or the failure of those systems or software to perform as required to support our business needs for any reason and any inability to respond to, or recover from, such events, could disrupt our business, decrease performance **,** and increase overhead costs. If we **,** ~~are unable to secure~~ our **vendors** ~~customers' credit card and confidential information~~ , or other ~~private~~ **third parties with whom we do business experience significant** data ~~relating to~~ **security incidents** ~~our~~ **or** ~~associates, suppliers or our business~~ **fail to detect and appropriately respond to significant incidents** , we could be subject to negative publicity, costly government enforcement actions or private litigation and increased costs. ~~If~~ **In addition,** our **customers could lose confidence in our ability to protect their** information **, stop using** ~~technology systems and processes are insufficiently provisioned or~~ **our loyalty programs,** ~~improperly designed and implemented to support our~~ **or stop shopping with us altogether** ~~business, our strategic initiatives may not deliver anticipated results~~ . Any of these factors could have a material adverse effect on our **reputation,** results of operations or ~~business~~ **financial condition** . Legal ~~and~~ **,** Regulatory **and Environmental, Social and Governance (" ESG ")** Risks **Legal** ~~Litigation, arbitration and government~~ proceedings may adversely affect our **reputation,** business, **results of operations or** financial condition ~~and / or results of operations~~ . Our business is subject to the risk of litigation and ~~arbitration~~ **other proceedings** involving ~~employees~~ **associates** , consumers, suppliers, competitors, shareholders, government agencies, or others through private actions, class actions, derivative actions, governmental investigations, administrative proceedings, regulatory actions, ~~mass arbitration~~

arbitrations or other similar actions. In addition, ~~due to~~ **our operations and / or** the ~~types of~~ products ~~that~~ we sell ~~, our operations~~ are subject to regulatory oversight by the **U. S. Food and Drug Administration (“** FDA **”)** , the ~~USDA~~ **U. S. Department of Agriculture** , the Occupational **Safety and** Health ~~and Safety~~ Administration **, states’ attorneys- general** , and other federal, state, local and applicable foreign governmental authorities. ~~If~~ **Where** such authorities believe that we have failed to comply with applicable regulations and / or procedures, they may require prompt corrective action, and / or proceed directly to other forms of enforcement action, including the imposition of operating restrictions, including a ceasing of operations in one or more facilities, enjoining and restraining certain violations of applicable law pertaining to products, seizure of products, ~~and~~ assessing civil or criminal sanctions or penalties **, and requiring enhancements to our compliance programs or reporting requirements** . Any adverse regulatory action, depending on its magnitude, may restrict us from effectively selling our products and could have a material adverse effect on our business, financial condition and / or results of operations. **For example** ~~From January 11~~ , ~~2022 through February 11~~ **we recently resolved a previously disclosed investigation by the United States Department of Justice (the “ DOJ ”) regarding a historical rodent issue at Family Dollar’ s West Memphis** , ~~2022,~~ **Arkansas distribution center (“** DC 202 ~~was inspected by the FDA and USDA. On February 11, 2022, the FDA issued Form 483 observations primarily regarding rodent infestation at DC 202, as well as other items that require remediation. In connection therewith, on February 18, 2022, we initiated a retail- level product recall of FDA and USDA- regulated products stored and shipped to approximately 400 stores from DC 202 from January 1, 2021 through such date (the “ Recall~~ ”) **and the related adulteration of products regulated by the FDA** . ~~We temporarily closed DC 202~~ **Under this resolution, a Family Dollar subsidiary pled guilty to a one count misdemeanor violation of Title 21, United States Code, Sections 331 (k), 333 (a) (1)** for **causing** ~~extensive cleaning, temporarily closed the affected stores to permit the removal and destruction of inventory subject to the Recall, ceased sales of relevant inventory subject to the Recall, committed to the FDA to continue to cease the shipment of~~ FDA- regulated products ~~from DC 202 until FDA approval is received, and initiated corrective actions at DC 202. In June 2022, we stopped shipping~~ to **become adulterated** ~~stores from DC 202 and have since closed the facility and disposed of all of the inventory that was in the facility. On November 9, 2022 we received an~~ **and** ~~FDA warning letter~~ **paid $ 200, 000** in ~~connection~~ **fines and a forfeiture money judgment in the amount of $ 41, 475, 000 to the United States. For a discussion of other impacts of this resolution, see also “ Our failure to comply** with **applicable law, or to adequately respond to changes to such laws, could increase** ~~the DC 202 inspection. The conditions and issues detailed in the warning letter are generally the same as those described in the Form 483 observations or~~ **our** ~~were~~ **expenses, expose us to legal risks or** otherwise ~~observed during the inspection. The warning letter acknowledged certain remedial actions we have taken in response to the Form 483 observations, including conducting the recall and closing the facility. We are taking this matter extremely seriously and continue to cooperate with the FDA. If the FDA and / or other governmental authorities are not satisfied with these corrective actions or observe issues in our other distribution centers or stores, they may initiate other enforcement or administrative actions, which may have a material adverse~~ **adversely** ~~effect~~ **affect us** ~~on our business, financial condition and / or results of operations. Also see “ We may stop selling or recall certain products for safety- related or other issues~~ ” **below** ~~on page 12. Since February 22, 2022, we have received 14 putative class action complaints related to issues noted above associated with DC 202. The lawsuits are proceeding in federal court in Tennessee using the federal court’ s multi- district litigation (“ MDL ”) process. An amended consolidated complaint seeking class action status was filed October 17, 2022 alleging violations of the Mississippi, Arkansas, Louisiana, Tennessee, Alabama and Missouri consumer protection laws, breach of warranty, negligence, misrepresentation, deception and unjust enrichment related to the sale of products that may be contaminated by virtue of rodent infestation and other unsanitary conditions. Plaintiffs seek damages, attorney fees and costs, punitive damages and the replacement of, or refund of, money paid to purchase the relevant products, and any other legal relief available for their claims (in each case in unspecified amounts), including equitable and injunctive relief. On April 28, 2022, the State of Arkansas filed a complaint in state court alleging violations of the Arkansas Deceptive Trade Practices Act, gross negligence and negligence, strict liability in tort, unjust enrichment and civil conspiracy related to the same underlying matters as the putative class actions above. The State of Arkansas is seeking injunctive relief, restitution, disgorgement, damages, civil penalties, punitive damages and suspension or revocation of our authorization to do business in Arkansas. We have defended and intend to continue defending ourselves vigorously in the foregoing litigations. We filed a motion to dismiss the amended consolidated complaint and a ruling on the motion by the court is expected in early 2023. If our motion is denied in whole or in part (including on appeal), the case would move to class certification, which we intend to oppose. We are unable to determine at this time whether our motion to dismiss will be granted or whether a class can be certified. We do not believe that the cases will, individually or in the aggregate, have a material adverse effect on our business or financial condition. However, we cannot assure that these litigations, individually or in the aggregate, will not have a material adverse effect on our results of operations for the period or year in which they are reserved or resolved. On March 1, 2022, a federal grand jury subpoena was issued to us by the Eastern District of Arkansas requesting the production of information, documents and records pertaining to pests, sanitation and compliance with law regarding certain of our procedures and products. In connection with this matter, we have been investigating the condition of FDA- regulated product shipped from DC 202. We are cooperating fully with the U. S. Department of Justice investigation, including having produced documents and provided additional information. As part of this cooperation, we may engage in discussions with the government in an effort to reach a negotiated resolution. Due to the inherent uncertainties associated with this matter, no assurance can be given as to the timing or outcome of this matter, which could include penalties and company undertakings~~ . Our products could also cause illness or injury, harm our reputation, and subject us to litigation. ~~We are dependent on our vendors to ensure that the products we buy comply with all applicable safety standards. However, product~~ **Product** liability, personal injury or other claims may be asserted against us relating to product adulteration, product tampering, mislabeling, recall and other safety issues with respect to the products that we sell, or with respect to our handling or storage of such products **. Recent such** ~~, including as a result of the issues raised by the pending Arkansas FDA Matter~~ **matters have**

~~(which has~~ led to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses ~~)~~. A significant product liability, consumer fraud, or other legal judgment against us, a related regulatory compliance or enforcement action or a product recall could materially and adversely affect our reputation, financial condition and / or results of operations. Moreover, even if a product liability, consumer fraud or other claim is unsuccessful, has no merit or is not pursued, the negative publicity surrounding assertions against the products we sell could materially and adversely affect our reputation. We seek but may not be successful in obtaining contractual indemnification from our vendors, where appropriate, or insurance coverage, and if we do not have adequate contractual indemnification or insurance available, such claims could adversely affect our business, financial condition and / or results of operations. Our ability to obtain the benefit of contractual indemnification from vendors may be hindered by our ability to enforce contractual indemnification obligations against such vendors, for example because the vendors are overseas or lack financial resources. Our litigation-related expenses could increase as well, which also could have a materially negative impact on our financial condition and / or results of operations even if a claim is unsuccessful or is not fully pursued. The outcome of such matters is **often** difficult to assess or quantify. Plaintiffs in these types of lawsuits or proceedings may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss may remain unknown for substantial periods of time. In addition, certain of these matters, if decided adversely to us or settled by us, may result in an expense that may be material to our **consolidated** financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. If we experienced a material loss arising from these matters, we could also become subject to shareholder derivative suits and securities litigation. The cost to defend current and future litigation or proceedings, including arbitrations, may be significant. There also may be adverse publicity associated with litigation, including litigation related to product or food safety, customer information and environmental or safety requirements, which could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. For a discussion of current legal matters, please see " Item 3. Legal Proceedings " and Note ~~4~~ **5** to our consolidated financial statements under the caption " Contingencies. " ~~Resolution of these matters~~ **Our failure to comply with applicable law** , ~~if decided against us, could have a material adverse effect on our~~ - **or to adequately respond to** ~~results of operations, accrued liabilities or cash flows. Changes~~ **changes** ~~in~~ **to such** laws ~~and government regulations or in other stakeholder expectations concerning business conduct, or our failure to adequately estimate the impact of such changes or expectations~~ , could increase our expenses, expose us to legal risks or otherwise adversely affect us . Our business is subject to a...... could adversely affect our results of operations . We operate in an increasingly regulated environment across a large and diverse geographic footprint, and we devote substantial resources to ensure effective compliance **with numerous and frequently changing laws and regulations. The complexity of this regulatory environment and related compliance costs continue to increase due to additional legal and regulatory requirements, our expanding operations, and increased regulatory scrutiny and enforcement efforts. New or revised laws, regulations, orders, policies and related interpretations and enforcement practices, including product and food safety, marketing, labeling or pricing; information security and privacy; artificial intelligence; labor and employment; employee wages and benefits; health and workplace safety (including Occupational Safety and Health Administration rules); imports and customs; taxes; bribery; climate change; and environmental compliance, may significantly increase our expenses or require extensive system and operating changes that could materially increase our cost of doing business** . If our programs do not adequately anticipate ~~emerging~~ regulatory expectations or requirements, or if we fail to appropriately design and maintain an effective enterprise compliance program and system of controls to prevent and detect non- compliance, including implementing and communicating a strong culture of compliance, there is a possibility any failure to comply with applicable laws and regulations would subject us to enhanced legal risks and adverse outcomes. ~~In addition~~ **Violations of applicable laws and regulations or untimely or incomplete execution of a required product recall can result in significant penalties (including loss of licenses, eligibility** to **accept certain government benefits such as SNAP or significant fines), class action or** ~~the~~ **other** ~~legal requirements above~~ **litigation, governmental investigation or action and reputational damage. As part of our recent resolution of the DOJ investigation regarding DC 202** , we **agreed** ~~are subject~~ to **implement improved internal controls** ~~the influence of a wide range of non- governmental stakeholders whose expectations on topics related to those described above may impact our business. We may be pressured by our shareholders~~ , **compliance codes** ~~associates or customers~~ , ~~or others in the communities where we operate to adopt practices or~~ policies **, and procedures,** ~~that are more prescriptive than those required by law. Similar influences may~~ **many of** ~~impact our merchandise and other vendors~~ which ~~would indirectly affect~~ **were already underway** ~~our~~ - **or completed** ~~business. To the extent that these influences result in changes to our operations~~ , ~~we could experience higher costs, and there can be no assurance we will experience offsetting positive effects on our results of operations. If our stakeholders perceive that we have not adequately addressed their expectations, our reputation could be negatively affected which could have an~~ **and** ~~adverse impact on our business and results of operations. Risks Relating~~ to ~~Indebtedness Our substantial indebtedness~~ **make periodic reports to the DOJ for three years. The failure to properly manage our overall compliance program and fully comply with our obligations** could adversely affect our **ability to conduct business, result in significant fines and other penalties, damage our brand and reputation, and negatively impact our** financial **position and results of** ~~condition, limit our ability to obtain additional financing, restrict our~~ operations ~~and make us more vulnerable to economic downturns and competitive pressures~~ . **New laws** ~~Our substantial level of indebtedness could adversely affect our ability to fulfill our obligations and have a negative impact on our financing options and liquidity position. As of January 28, 2023, our total indebtedness is $ 3. 45 billion. We may in the future incur substantial additional indebtedness. In addition, we have $ 1. 5 billion of additional borrowing availability under our revolving credit facility, less amounts outstanding for letters of credit totaling $ 4. 4 million. In addition, our credit ratings impact the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect the opinions of the ratings agencies of our financial strength, operating performance and ability to meet our debt obligations. There can be no assurance that we will~~

~~achieve a particular rating or maintain a particular rating in the future. The terms of the agreements governing our indebtedness may restrict our current and future operations, particularly our ability to respond to changes or to pursue our business strategies, and could adversely affect our capital resources, financial condition and liquidity. The agreements that govern our indebtedness contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interests, including, among other things, restrictions on our ability to incur liens; make changes in lines of business, subject to certain exceptions; and consolidate or merge with or into, or sell all or substantially all of our assets to, another person. In addition, certain of these agreements require us to comply with certain financial maintenance covenants. Our ability to satisfy these financial maintenance covenants can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of the covenants under these agreements could result in an~~ **and regulations** ~~event of default under the applicable indebtedness, which, if not cured or waived,~~ could ~~result in us having to repay our borrowings before their due dates. Such default may allow the debt holders to accelerate the related debt and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. If we are forced to refinance these borrowings on less favorable terms or if we were to experience difficulty in refinancing the debt prior to maturity, our results of operations or financial condition could be materially affected. In addition, an event of default under our credit facilities may permit the lenders to terminate all commitments to extend further credit. In the event our lenders or holders of notes accelerate the repayment of such borrowings, we cannot assure you that we will have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be limited in how we conduct our business; unable to raise additional debt financing to operate during general economic or business downturns; or unable to compete effectively, take advantage of new business opportunities or grow in accordance with our plans. Our variable- rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly. Our revolving credit facility is subject to variable rates that expose us to interest rate risk. We may also incur additional indebtedness subject to variable rates in the future. Interest rates have increased in fiscal 2022 and further increases are anticipated. When interest rates increase, our debt service obligations on the variable rate indebtedness increase even though the amount borrowed remains the same, and our net income decreases. Although we may enter into interest rate swaps involving the exchange of floating for fixed- rate interest payments, to reduce interest rate volatility, we cannot assure you we will choose to or be able to do so. Borrowings under our revolving credit facility bear interest at a rate derived from the Secured Overnight Financing Rate (" SOFR "). As a result of the discontinuation of LIBOR as a reference rate in June 2023, there is uncertainty as to whether the transition from LIBOR to SOFR or another reference rate will result in financial market disruptions or higher interest costs to borrowers, which could increase our interest expense and~~ have an adverse effect on our business **.Our business is subject to a wide array of laws and regulations,and changes to those laws and regulations could have an adverse effect on our business** .For example,various municipalities ~~have begun regulating~~ **regulate** the placement or proximity of our stores or may place requirements on ~~labor relations or~~ the types of products we sell.In addition,the adoption of new environmental laws and regulations in connection with climate change and the proposed transition to a low carbon economy,including any federal or state laws enacted to regulate or tax greenhouse gas emissions,could significantly increase our operating or merchandise costs or reduce the demand for our products.These laws and regulations may include,but are not limited to,requirements relating to hazardous waste materials,recycling,single- use plastics,extended producer responsibility,use of refrigerants,carbon pricing or carbon taxes,product energy efficiency standards and product labeling **.If carbon pricing or carbon taxes are adopted,there is a significant risk that the cost of merchandise from our suppliers will increase and adversely affect our business and results of operations** .In addition,significant changes in laws or regulations that impact our relationship with our workforce,such as minimum wage increases,health care,labor ~~relations~~ laws or workplace safety,could increase our expenses and adversely affect our operations.An increase in federal corporate tax rates also could adversely affect our profitability.Changes in other regulatory areas,such as consumer credit,privacy and information security,product and food safety,energy or environmental protection,and tariff and other trade restrictions,among others,could cause our expenses to increase or result in product recalls. **Further** ~~Our business is subject to evolving disclosure requirements and expectations with respect to environmental,social and governance matters that could expose us to numerous risks.Our business faces increasing public scrutiny related to social responsibility,climate change and other ESG practices.We risk damage to our brand and reputation,including risk to our plans for profitable growth~~ ,if we fail to **comply with applicable laws** ~~act responsibly in a number of areas,such as worker safety~~ and ~~welfare~~ **regulations** , ~~diversity and inclusion~~ **including wage** ~~,environmental stewardship,support for local communities,~~ and ~~corporate governance~~ **hour laws,we could be subject to legal risk,including government enforcement action** and ~~transparency.~~ **class action civil litigation,which could** ~~Adverse~~ **adversely** ~~incidents~~ **affect our results of operations** and results **. In addition, increasingly regulators, customers, investors, associates, and other stakeholders are focusing on ESG matters and related disclosures. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on initiatives within the scope of ESG, and collecting, measuring, and reporting ESG- related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC' s proposed climate- related reporting requirements. We may also communicate certain initiatives and goals, regarding environmental matters, diversity, responsible sourcing and social investments and other ESG- related matters, in our SEC filings or in other public disclosures. These initiatives and goals within the scope of ESG could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we could be criticized for the accuracy, adequacy, or completeness of the disclosure. Further, statements about our ESG- related initiatives and goals, and progress toward those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to mature, and assumptions**

that are subject to change in the future. If we are unable to meet our ESG- related goals or evolving stakeholder expectations and industry standards, if our ESG- related data, processes and reporting are incomplete or inaccurate, or if we are perceived to have not responded appropriately to the growing concern for ESG issues, consumers may choose to stop purchasing our products or purchase products from a competitor, and our reputation, business or financial condition may be adversely affected. Risks Relating to Indebtedness and Our Common Stock Our inability to access credit or capital markets, a downgrade of our credit ratings and / or increases in interest rates could negatively affect our financing costs, results of operations **and financial condition** . ~~Additionally~~ **We rely on internally generated funds and borrowings under our credit facilities and commercial paper program to fund our seasonal working capital requirements for existing and new stores** , ~~any successor~~ **distribution network programs and other capital projects. In addition, we have $ 3. 45 billion of senior notes outstanding as of February 3, 2024. Our continued access to financial markets depends on multiple factors, including market conditions, our operating performance and our credit ratings. Changes in the credit and capital markets, including as a result of financial market disruptions, rising interest** ~~rate~~ **rates , bank failures or other macroeconomic conditions, could increase the cost of financing or restrict our access** to ~~SOFR~~ **these potential sources of future liquidity. Further, our credit ratings impact the cost and availability of future borrowings and, accordingly, our cost of financing. Our ratings reflect the opinions of the ratings agencies of our financial strength, operating performance and ability to meet our debt obligations. A downgrade in our credit ratings could limit our access to credit and capital markets, limit the institutions willing to provide credit facilities to us, result in more restrictive financial and other covenants in our debt agreements and would likely significantly increase our overall financing costs and adversely affect our results of operations. If we are unable to access financial markets when needed, on favorable terms or at all, whether to refinance our existing indebtedness on or before maturity or to fund our capital expenditures or working capital needs not satisfied by cash flows from operations, our results of operations or financial condition could be materially and adversely affected. In addition, we have exposure to future interest rates based on variable rates** under our revolving credit facility **and issuances under** ~~may not have the same characteristics as SOFR or~~ **our commercial paper program and to** ~~LIBOR. As a result,~~ the ~~amount of~~ **extent we raise additional debt in the capital markets to meet maturing debt obligations or otherwise. Significant and sustained increases in market** interest ~~we may pay on~~ **rates could materially increase** our ~~revolving credit facility is difficult to predict~~ **financing costs and negatively impact our reported results** . ~~Risks Relating to Our Common Stock~~ Our business or the value of our common stock could be negatively affected as a result of actions by shareholders. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. The Board of Directors and management team are committed to acting in the best interests of all ~~of~~ our shareholders. There is no assurance that the actions taken by the Board of Directors and management in seeking to maintain constructive engagement with our shareholders will be successful. Shareholders who disagree with our strategy or the way we are managed may seek to effect change in the future, through various strategies that could include private engagement, publicity campaigns, proxy contests, and litigation. Responding to these actions may be costly and time- consuming, disrupt our operations, divert the attention of our Board of Directors, management **,** and ~~employees~~ **associates** , and impact our relationship with investors, vendors, and other third parties. Shareholder engagement also may result in changes to our business plans, operations, strategies, initiatives, governance, management **,** and risk factors. The perceived uncertainty as to our future direction resulting from these actions of shareholders could also affect the market price and volatility of our common stock. The price of our common stock is subject to market and other conditions and may be volatile. The market price of our common stock may fluctuate significantly in response to a number of factors. These factors, some of which may be beyond our control, include the perceived prospects and actual results of operations of our business; changes in estimates of our results of operations by analysts, investors or us; trading activity by our large shareholders; trading activity by sophisticated algorithms (high- frequency trading); our actual results of operations relative to estimates or expectations; actions or announcements by us or our competitors; litigation and judicial decisions; legislative or regulatory actions or changes; and changes in general economic or market conditions. In addition, the stock market in general has from time **-** to **-** time experienced extreme price and volume fluctuations. These market fluctuations could reduce the market price of our common stock for reasons unrelated to our operating performance. Certain provisions in our Articles of Incorporation and By- Laws could delay or discourage a change of control transaction that may be in a shareholder' s best interest. Our Articles of Incorporation and By- Laws contain provisions that may delay or discourage a takeover attempt that a shareholder might consider in his / her best interest. These provisions, among other things **,** ~~: •~~ provide that only the Board of Directors, the chairman or vice chairman of the Board, the chief executive officer or shareholders who own 15 % or more of the outstanding shares of our common stock may call special meetings of the shareholders; ~~•~~ establish certain advance notice procedures for nominations of candidates for election as directors and for shareholder proposals to be considered at shareholders' meetings; and ~~•~~ permit the Board of Directors, without further action of the shareholders, to issue and fix the terms of preferred stock, which may have rights senior to those of the common stock. However, we believe that these provisions allow our Board of Directors to negotiate a higher price in the event of a takeover attempt which would be in the best interest of our shareholders.