

Risk Factors Comparison 2025-03-26 to 2024-03-20 Form: 10-K

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

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 **cost pressures from** increases in merchandise, shipping, freight and fuel costs, wage and benefit and other operating costs. Future increases in costs such as the cost of merchandise, wage and benefit costs, ocean shipping rates, domestic freight costs, fuel and energy costs, **tariffs**, duties and ~~tariffs~~ **other measures that create barriers to or increase the costs associated with international trade**, and store occupancy costs, **whether due to inflation and economic conditions, geopolitical tensions, or otherwise**, would reduce our profitability. ~~We~~ **For example, recent U. S. tariffs imposed or threatened to be imposed on China, Mexico, Canada, and other countries and any retaliatory actions taken by such countries could result in us incurring substantial additional costs to procure a large portion of the merchandise we offer. In addition, we have** experienced ~~material~~ increases in wage rates and labor costs ~~as well as in shipping rates, freight and fuel~~ **distribution** costs in prior years, and we expect further increases in certain cost categories in fiscal ~~2024~~ **2025**. 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 ~~2024~~ **2025**. In addition, the **U. S. Department** ~~federal minimum wage may increase depending on the outcome of legislation proposed~~ **Labor finalized a rule** in ~~2024~~ **2025** Congress, and the current administration has announced it will consider raising the minimum salary for associates ~~to who currently have exempt status under the Fair Labor Standards Act~~. **Although the rule's scheduled January 1, 2025 increase to the salary thresholds was recently vacated by a federal court, this or similar future rules could materially impact our wage rates and labor costs**. Separately, government or industry actions addressing the impact of climate change, or shifts in customer preferences for more sustainable 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~~ **continue to expand** our ~~primary~~ **brand assortment at the \$ 1. 25** price point **and on merchandise to \$ 1. 25** in fiscal 2021. We also ~~continue to implement our multi- price initiative~~ **product assortment generally, which began** provides our customers with ~~the introduction of additional categories priced, for example, at \$ 3 and \$ 5~~ **Dollar Tree Plus product in select discretionary categories, expanded into \$ 3, \$ 4 and \$ 5** ~~frozen and refrigerated product, and now comprises a wide assortment of other consumable and discretionary product at varying price points~~. Although we have increased our price points at our Dollar Tree stores ~~and expanded our multi- price assortment, we may not be able to adjust our prices to offset cost increases. Further, raising the price point of merchandise could cause customers to buy fewer products. As a result~~, 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. ~~Further,~~ **Supply 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~~ **Risks** associated with merchandise supply 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 ~~40~~ **41 %- 43 %** of our Dollar Tree segment's total retail value purchases and approximately ~~12-15 %~~ **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. ~~Any~~ **A disruption in the flow of our imported merchandise or an** increase in the cost of ~~our imported merchandise or a disruption in the flow of those goods may for any reason could have an adverse impact on our operations and significantly decrease our profits. Risks associated with our reliance on imported goods may include~~ **Disruptions** ~~disruptions in the flow of~~ **or increases in the** cost increases may result from ~~of imported goods because of~~ factors such as: • duties, tariffs or other measures that create barriers or restrictions on trade, including **Section 301 tariffs** anti-dumping or countervailing duty orders or other trade-related sanctions and any retaliatory counter measures; • raw material shortages, work stoppages, government restrictions, strikes and political unrest, including any impact on vendors or shipping arising from epidemics; • economic conditions ~~crises~~ in the United States or abroad **and international disputes or conflicts, including military**

confrontation, blockade, war and economic sanctions; • geopolitical tensions, international disputes or conflicts, military confrontation, blockade, war, economic sanctions, piracy, acts of terrorism or other factors affecting international shipping traffic; 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 policies or trade relations with other countries from which we source merchandise; and • changes in leadership and the political climate in countries from which we import products and their relations with the United States. Among our foreign suppliers, China is the source of **the a vast** majority of our direct imports. **In early 2025, 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** imposed or threatened to impose significant additional tariffs, including reciprocal tariffs, on **certain Chinese imports based on an agreement reached with China in 2020**, Mexico, Canada and other **the political outlook remains uncertain** countries from which we import goods. In addition, the Trump administration has announced plans to impose significant fees on Chinese shipping companies and any Chinese-built vessels that enter U.S. ports. The imposition of these or other additional **any new U.S.** tariffs on **Chinese** imported **imports** merchandise or **the taking of** other actions against China or in other **the future** countries from which we import goods, and any retaliatory actions or other responses by **China** such countries, 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.** on our operations. Higher costs and disruptions in our distribution network could have an adverse impact on our sales 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. In addition to our internal distribution network, we also rely heavily on third parties including ocean carriers and truckers. Some of the factors that have had and could have an adverse effect on our distribution network or costs 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. • **Distribution center capacity. We recently have experienced capacity pressure in our distribution network and are working to expand our distribution center capacity, including to replace that lost with our Marietta, Oklahoma distribution center. To the extent that we are unable to, or experience delays in, opening new distribution centers or otherwise expanding our capacity, our product availability, product mix, overall sales, and merchandise margins could be impacted, especially at Dollar Tree.** • Shipping costs. We have previously experienced significant changes in freight costs. Ocean shipping and other freight costs could increase because of 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 costs / rates may lag a decrease in market rates based on the timing of freight contract terms. **We have multi-year contracts expiring in 2025 that cover approximately 54% of our 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. **We have also experienced volatility in diesel fuel costs and are expecting increases to continue in fiscal 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, **and port congestion and pandemic-related port closings and ship diversions. In addition, and could experience disruptions** our supply chain may be disrupted because of **geopolitical tensions and** other international events such as armed conflict, war, economic sanctions, **piracy** or acts of terrorism. **Current tensions Tensions** in the Red Sea and traffic restrictions through the Panama Canal **caused are causing** global supply chain disruptions **that in recent years and may continue, which** 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. **During 2024, a tornado destroyed our Dollar Tree distribution center in Marietta, Oklahoma. In addition to the loss of inventory in the facility and the facility itself, we incurred additional costs as a result of additional stem miles for product delivery and outside storage for the stores previously serviced by that distribution center, and we expect those costs to continue in 2025.** • Direct-to-store deliveries. We rely on a limited number of suppliers for certain consumable merchandise, including frozen and refrigerated products. 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. 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 **and imported products**, 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. 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 could experience a decline in consumer confidence and spending because of 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. The sale of private brand items **is has been** an important component of our sales growth and gross profit 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 that source, sell and market exclusive branded offerings for retail. Failure to appropriately address these risks could materially and adversely affect our private brand initiatives, reputation, results of operations and financial condition. Inflation **or, other adverse change changes** or downturn in economic conditions **or consumer spending habits** 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, **mortgage and interest rates**, 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. **We believe that these macroeconomic factors, including inflationary pressures and higher interest rates, negatively affect our customers and impact our sales.** Furthermore, factors that could adversely affect consumer disposable income could decrease our customers' spending on products we sell most profitably. In fiscal **2023-2024**, we continued to experience a material shift in consumer purchasing from higher- margin discretionary merchandise to lower- margin consumable goods, **and we expect this trend could continue in 2025**. Factors that could reduce our customers' disposable income and over which we exercise no influence include inflation in food, housing, fuel or other energy costs, increased unemployment, increases in **mortgage and** interest rates, lack of available credit, higher tax rates and other changes in tax laws, increasing healthcare costs, and changes in government subsidies such as unemployment and food assistance programs, including the Supplemental Nutrition Assistance Program ("SNAP"). 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 our cost of goods sold and our selling, general and administrative expenses, also affect our ability to implement our corporate strategy effectively 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. **Risks associated with merchandise supply could adversely..... 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, **price**, relevance and availability, store operations and customer satisfaction. In addition, increased competition could adversely affect our sales. We have embarked on several initiatives to increase our sales and profitability, some of which remain in the early stages. **At If the these same time initiatives are unsuccessful or we otherwise are unable to grow our sales in line with our expectations, the company recently concluded a comprehensive performance review of its store portfolio our margins and profitability would be adversely affected. In addition, we have entered into and an announced agreement to sell** the closure of approximately 970 Family Dollar **business** and 30 Dollar Tree stores. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note **16-15** to our consolidated financial statements. **If that sale is completed, our future growth and operating results will be dependent on our ability to increase sales and profitability in our Dollar Tree stores.** Expanding our square footage profitably depends 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-increasing challenge. In addition, our expansion is dependent upon the company and its third- party developers' abilities to acquire land, obtain financing, and secure necessary permits and approvals. We have experienced higher **construction**, 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 increase the proportion of higher cost goods we sell. For example, some of our consumable products carry higher costs than other goods, so our gross profit margin will 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 “ **Risks associated with merchandise supply could adversely affect our financial performance** ” on page 10 and “ Higher costs and disruptions in our distribution network could have an adverse impact on our sales and profitability ” on page 11. **Our** 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 profitable and appropriate prices. **A We recently have been expanding our multi- price product assortment at Dollar Tree, which now comprises a wide assortment of consumable and discretionary product at varying price points. If our sales price that is too high causes, or we do not provide a selection of popular merchandising items, our products to will be less attractive to our customers and our sales at Family Dollar could suffer.** We are continuing to refine our pricing strategy **and expand our multi- price assortment at Family Dollar Tree to drive provide value to our customers and increase customer traffic and loyalty and store productivity have a strategic pricing team to improve our value and to increase profitability.** Our inability to successfully implement our pricing strategies **or multi- price assortment and provide our customers with desirable merchandise at Family Dollar appropriate prices** 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 on many factors, including our pricing, costs, quality, customer perception and timely development and introduction of 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 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 9-March 31, 2023-2024**, and will be observed on **March 31-April 20, 2024-2025**. Failure to protect our inventory or other assets from loss and theft may impact our financial results. Risk of loss or theft of assets, including inventory shrinkage, is inherent in the retail business and has recently reached historically high rates. **We have incurred increased costs, and could continue to incur increased costs, as we make investments in technology and personnel in an attempt to mitigate these risks. Despite our efforts, Loss-loss** may be caused by error or misconduct of associates, customers, vendors or other third parties including through organized retail crime and professional theft, and 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 the past, and our inability to cost- effectively prevent and / or minimize the loss or theft of assets, or to accurately predict and accrue for the impact of those losses, could adversely affect our operating results. We have risks related to the security of our facilities including risks of personal injury to customers or associates. We operate stores and other facilities in locations subject to a risk for crimes of break- ins, theft, property damage, and interpersonal violence, which may include an active shooter or mass casualty / damage event. While we have instituted programs aimed at reducing these risks, particularly of workplace violence, no security or safety program is 100 % effective, and there is a risk that they will not prevent the occurrences of such crimes or related harms. Any such incidents of violence could have a negative effect on our business, financial condition, results of operations, associate relations or customer reputation. We face significant 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, **customer service, shopping experience**, product sourcing, labor, and market share. The marketplace is highly fragmented as many different retailers compete for market share by utilizing a variety of **sales channels**, 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. **We compete with discount stores and many other retailers, including mass merchandise, warehouse club, grocery, drug, convenience, variety, online retailers, and certain specialty stores.** Some of our current or potential competitors have greater financial, distribution, marketing and other resources than we do. **The In addition, the substantial growth in e- commerce and expanded availability of mobile, web- based and other digital technologies** 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 convenient and competitive** online shopping alternatives. **Some of our current and potential competitors have more significant online shopping platforms than we do, and our reliance on the in- store shopping experience could reduce our competitiveness.** 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 attracting and 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~~. 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 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 regulations (including those relating to employee benefit programs such as health insurance and paid leave programs), labor activism, associate safety issues, associate expectations and productivity, and our reputation and relevance within the labor market. 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. **Further, our stores are typically staffed with relatively few associates, which increases our exposure to the foregoing risks.** 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, or the inability to hire, train, motivate and retain 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. **We recently have experienced turnover turnover in such senior positions, which, in addition to organizational changes related to our pending sale of the Family Dollar business,** 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 and cash flows could be adversely 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.

Risks Relating to Strategic Initiatives ~~In fiscal 2023, we purchased and~~ **the Pending Sale** delivered approximately 15% of the ~~our merchandise for our Family Dollar Business 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 continue to execute~~ **In recent years, we have embarked** on a number of strategic initiatives across the Dollar Tree and Family Dollar banners to drive productive sales growth and improve operating efficiency. **In our Dollar Tree banner, those initiatives including include,** among others: • We continue to expand our Dollar Tree brand assortment at the \$ 1. 25 price point and expand our multi- price product assortment, **which now comprises a wide assortment of consumable and discretionary product at varying price points**. • ~~Our initiatives at Family~~ **We secured the leases for 164 former 99 Cents Only Stores across Arizona, California, Nevada and Texas and opened those stores under our Dollar Tree segment. More recently we have acquired designation rights for approximately 138 Party City store stores formats and significantly improved merchandise offerings as we complete our diligence on this group of stores, we intend to designate acceptable stores and open these as Dollar Tree segment stores.** • ~~We Our comprehensive store portfolio optimization review to improve profitability by identifying candidates for closure or re-banning.~~ • ~~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.~~ • ~~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 **mobile apps, store systems network and point-of-sale,** merchandising and supply chain. **In addition, we have been executing on a number of strategic initiatives in our Family Dollar banner, culminating with our agreement in March 2025 to sell the Family Dollar business. For more information about the impacts of the sale of Family Dollar, please see " The completion of the pending sale of the Family Dollar business is subject to various risks and uncertainties, may not be completed in a timely fashion or at all, and the pending sale may be disruptive to our business operations and adversely affect our profitability " and " If the pending sale of the Family Dollar business is completed, we may not achieve the anticipated benefits of the transaction, and the transaction may expose us to new risks " below.** The implementation, timing and results of these complex strategic initiatives are subject to various risks and uncertainties, 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 them 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. **For example, we experienced increased expenses from temporary labor on the Dollar Tree segment during 2024 to support our multi-price rollout.** 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 at Dollar Tree, ~~new store concepts and merchandise offerings at Family Dollar,~~ and improved customer experience do not appeal to our customers or if we are unable to 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 strategies, delays in executing our plans and business strategies, increased costs associated with executing on our plans and business strategies, or failure to identify alternative strategies could have a material adverse effect on our business, financial position, results of operations, and cash flows. **The completion of the pending sale of the Family Dollar business is subject to various risks and uncertainties, may not be completed in a timely fashion or at all, and the pending sale may be disruptive to our business operations and adversely affect our profitability. As previously reported, in fiscal 2024 we initiated a formal review of strategic alternatives for the Family Dollar business. On March 25, 2025, the Company entered into a definitive agreement to sell the Family Dollar business to Brigade Capital Management, LP and Macellum Capital Management, LLC, subject to regulatory review and other closing conditions. The pending sale of the Family Dollar business is subject to various risks and uncertainties that could adversely affect our business, financial condition and results of operations. We have expended and will continue to expend significant management time and resources and have incurred and will continue to incur significant expenses due to legal, advisory and financial services fees related to the sale. The majority of these expenses are payable by us regardless of whether the sale is consummated. Accordingly, if the pending sale of the Family Dollar business is delayed or is not completed on the terms set forth in the definitive purchase agreement or at all, our business, results of operations, financial condition, cash flows and / or stock price could be adversely affected. In addition, the pendency and anticipated completion of the sale of the Family Dollar business may impose challenges on our business, including the diversion of management's attention from ongoing business concerns; impacts on our resources, systems, procedures and controls; attracting, retaining and motivating key management and other employees; retaining existing, or attracting new, business and operational relationships, including with suppliers and other business counterparties; potential negative reactions from the financial markets and other unanticipated adverse impacts; any of which could adversely affect our business and financial condition. If the pending sale of the Family Dollar business is completed, we may not achieve the anticipated benefits of the transaction, and the transaction may expose us to new risks. If the pending sale of the Family Dollar business is completed, our operational and financial profile will change significantly, with the Dollar Tree banner comprising substantially all of our retail operations. Our company following the sale would be smaller and less diversified than exists today, and our exposure to the risks inherent in our remaining business would increase. Our diversification of revenues, costs and cash flows would diminish, such that our results of operations, cash flows, working capital, and financing requirements may be subject to increased volatility and vulnerability to changing market conditions. Further, there can be no assurance that our credit ratings, access to financial markets and potential sources of liquidity and / or cost of financing would not be adversely impacted following the sale. As a result, our ability to fund capital expenditures and investments, pay dividends and meet debt obligations and other liabilities may be diminished. Until the market has fully analyzed the value of the Dollar Tree banner as a separate company, the price of our common stock also may experience volatility. In addition, the sale of our Family Dollar business and other recent strategic initiatives entail significant changes across our organizational structure, senior leadership, culture, functional alignment, outsourcing and other areas. These changes have been and could continue to be disruptive to our business operations. Further, there can also be no assurance that the stranded costs or dis-synergies of such a transaction will not exceed the anticipated amounts. Any of the foregoing could have a material adverse effect on our business, results of operations, financial conditions and cash flows, and we cannot assure you that the Dollar Tree banner, as an independent company, will be successful. Further, we expect to have continuing obligations to Family Dollar pursuant to transition services or other agreements in connection with the sale of the Family Dollar business, which could require significant management and operational resources or reduce our ability to fully realize cost savings and efficiency initiatives that we would otherwise be able to implement following such a disposition. While we anticipate receiving payment for the transition services that we provide, we may not be able to recoup all of the underlying costs.** We have incurred losses due to impairment of goodwill and other long-lived 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 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, **we recorded a comprehensive \$ 1,069.0 million non-cash goodwill impairment charge and a \$ 950.0 million non-cash trade name impairment charge resulting from our annual impairment testing and a \$ 503.9 million non-cash store asset impairment charge related to our store portfolio optimization review.** In the fourth quarter of fiscal 2024, **we recorded a \$ 490.5 million non-cash goodwill impairment charge and a \$ 1,400.0 million non-cash trade name impairment charge resulting from our annual impairment testing and** ~~and~~ **an** ~~its~~ **recently announced**

decisions to close approximately 970 underperforming **\$ 88.1 million store asset impairment charge. Additionally, in the fourth quarter of fiscal 2024, we determined that the Family Dollar stores business met the held for sale and discontinued operations accounting criteria and recognized and an approximately 30 underperforming Dollar Tree stores has led to additional impairments— impairment of related assets \$ 3,438.8 million to reflect the write-down of the carrying value to fair value less costs to sell.** 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 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 assets will result in a charge against earnings, which could have a material adverse impact on our reported results of operations and financial condition. **We make estimates** 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 **assumptions in connection with the preparation of a \$ 503.9 million non-cash store asset impairment charge.** For additional information on recent impairments, please refer to Note 15 and Note 16 to our consolidated financial statements, **and any changes to those estimates and assumptions could adversely affect our results of operations. In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities. Please refer to "Critical Accounting Estimates and Assumptions" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Our estimates are often based on complex judgments, probabilities and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable and subject to changing conditions and other factors beyond our control. Accordingly, actual results could be significantly different from these estimates. For example, our liabilities related to our self-insurance programs, which include general liability claims, are estimates that require judgment and the use of assumptions. As a result of unfavorable developments due to the rising costs to reimburse, settle, or litigate claims related to customer accidents and other incidents at our stores, our actuarially determined liabilities were increased during 2024, contributing to a \$ 20.4 million increase in our general liability claim expenses compared to the prior year. Should these or any other estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.**

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, 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, **managing our customer and associate relationships** 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, 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, flaws in third-party software or services, errors or improper use by our employees or third-party service providers. To support the growth of our business, we are making substantial investments in our information technology systems. Transitioning to these 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 financial condition and results of operations could be adversely affected, and our business may become less competitive. The potential unauthorized access to 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 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, **benefits**, accounting, and internal and external communications, contain personal, financial, **health-related**

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 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 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 cybersecurity posture and prevent future security breaches, including costs associated with additional security technologies, personnel, experts and services (e. g., **notification and** 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 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, our vendors, or other third parties with whom we do business experience significant data security incidents or 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. In addition, our customers could lose confidence in our ability to protect their information, stop using our **loyalty applications or other** programs, or stop shopping with us altogether. Any of these factors could have a material adverse effect on our reputation, results of operations or financial condition. Legal, Regulatory and Environmental, Social and Governance (" ESG ") Risks Legal proceedings may adversely affect our reputation, business, results of operations or financial condition. Our business is subject to the risk of litigation and other proceedings involving associates, consumers, suppliers, competitors, shareholders, government agencies, or others through private actions, class actions, derivative actions, governmental investigations, administrative proceedings, regulatory actions, arbitrations or other similar actions. In addition, our operations and / or the products we sell are subject to regulatory oversight by the U. S. Food and Drug Administration (" FDA "), the U. S. Department of Agriculture, the Occupational Safety and Health Administration, states' attorneys- general, and other federal, state, local and applicable foreign governmental authorities. 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, 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, **in 2024** 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, Arkansas distribution center (" DC 202 ") and the related adulteration of products regulated by the FDA. 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 FDA- regulated products to become adulterated and paid \$ 200, 000 in 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 our expenses, expose us to legal risks or otherwise adversely affect us " below. Our products could also cause illness or injury, harm our reputation, and subject us to litigation. Product liability, personal injury, **consumer protection** 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 matters have 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 5 to our consolidated financial statements under the caption “ Contingencies. ” Our failure to comply with applicable law, or to adequately respond to changes to such laws, could increase our expenses, expose us to legal risks or otherwise adversely affect us. 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 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. 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 other litigation, governmental investigation or action and reputational damage. As part of our recent 2024 resolution of the DOJ investigation regarding DC 202, we agreed to implement improved internal controls, compliance codes, policies, and procedures, many of which were already underway or completed, and to 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 operations. New laws and regulations could have an adverse effect on our business. For example, various municipalities have begun regulating 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 by certain jurisdictions of new or expanded 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, so- called “ chemicals of concern, ” extended producer responsibility, use of refrigerants, carbon pricing or carbon taxes, product energy efficiency, animal welfare standards and product labeling. 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, international labor protections, and tariff and other trade restrictions, among others, could cause our expenses to increase or result in product recalls. 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 act responsibly in a number of areas, such as worker safety and welfare, diversity and inclusion, environmental stewardship, support for local communities, and corporate governance and transparency. Conversely, if efforts around diversity, equity and inclusion (“ DEI ”) are perceived as too ambitious, we may be subject to investigations, litigation and other proceedings and our brand and reputation and stock price may be

harmed. Adverse incidents could impact the value of our brand, the cost of our operations and relationships with associates, customers or investors, all of which could adversely affect our business 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-culture and belonging**, 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. **Further, the Supreme Court's recent ruling striking down race- based affirmative action in higher education has increased scrutiny of corporate diversity, equity and inclusion practices. Some groups and attorneys general have begun to analogize the outcome of that case to private employment matters, asserting that certain corporate DEI practices are racially discriminatory and unlawful. Anti- ESG and anti- DEI related policies, legislation, initiatives and scrutiny could expose us to the risk of litigation, investigations or challenges by federal or state authorities, result in injunctions, penalties and reputational harm and require certain investors to divest or discourage certain fund investors from investing in our funds.** 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~~ **our efforts around ESG- related issues** are perceived **as insufficient** ~~to have not responded appropriately to the growing concern for~~ **or ESG issues too ambitious**, 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. 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, distribution network programs and other capital projects. In addition, we have \$ 3. 45 billion of senior notes outstanding as of February 3-1, **2024-2025, of which \$ 1. 0 billion matures in May 2025.** 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 rates, bank failures or other macroeconomic conditions, could increase the cost of financing or restrict our access to 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 our commercial paper program and to the extent we raise additional debt in the capital markets to meet maturing debt obligations or otherwise. Significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results. 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 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 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.