**Risk Factors Comparison 2023-03-27 to 2022-03-24 Form: 10-K**

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

Risks Related to Our Business and Industry Our inability to implement our long- range strategic plan may adversely affect our future results. Our ability to successfully implement and execute our long- range strategic plan is dependent on many factors. Our strategies may require significant capital investment and management attention. Additionally, any new initiative is subject to certain risks including customer acceptance of our products and renovated store designs, competition, product differentiation, the ability to attract and retain qualified personnel, and our ability to successfully integrate our acquisitions and implement technological initiatives. If we cannot successfully execute our strategic growth initiatives or if the long- range plan does not adequately address the challenges or opportunities we face, our financial condition and results of operations may be adversely affected. Additionally, failure to meet shareholder expectations, particularly with respect to sales, supplier diversification, cost-cutting programs, operating margins, and earnings per share, would likely result in volatility in the market value of our stock. The retail athletic footwear and apparel business is highly competitive. Our athletic footwear and apparel operations compete primarily with athletic footwear specialty stores, sporting goods stores, department stores, traditional shoe stores, mass merchandisers, and online retailers, as well as our merchandise vendor suppliers direct- to- customers channels. Although we sell an increasing proportion of our merchandise online, a significantly faster shift in customer buying patterns to purchasing athletic footwear, athletic apparel, and sporting goods online could have a material adverse effect on our business results. In addition, all of our significant suppliers operate retail stores and distribute products directly through the internet and others may follow. Should this continue to occur or accelerate, and if our customers decide to purchase directly from our suppliers, it could have a material adverse effect on our business, financial condition, and results of operations. **2022 Form 10- K Page** The principal competitive factors in our markets are selection of merchandise, customer experience, reputation, store location, advertising, and price. We cannot assure that we will continue to be able to compete successfully against existing or future competitors. Our expansion into markets served by our competitors, and entry of new competitors or expansion of existing competitors into our markets, could have a material adverse effect on our business, financial condition, and results of operations. A change in the relationship with any of our key suppliers or the unavailability of key products at competitive prices could affect our financial health. Our business is dependent to a significant degree upon our ability to obtain premium product and the ability to purchase brand- name merchandise at competitive prices from a limited number of suppliers. In addition, we have negotiated volume discounts, cooperative advertising, and markdown allowances with our suppliers, as well as the ability to cancel orders and return excess or unneeded merchandise. We cannot be certain that such terms with our suppliers will continue in the future. We purchased ~~87~~ **86** % of our merchandise in ~~2021~~ **2022** from our top five suppliers and we expect to continue to obtain a significant percentage of our athletic product from these suppliers in future periods. Approximately ~~68~~ **65** % of all merchandise purchased in ~~2021~~ **2022** was purchased from one supplier — Nike, Inc. (" Nike "). Each of our banners are highly dependent on Nike. Individually, they purchased ~~between~~ **approximately** 50 % ~~and 75~~ **to 70** % of their merchandise from Nike during the year. Merchandise that is high profile and in high demand is allocated by our suppliers based upon their own criteria ~~. Beginning with the fourth quarter of 2022, we do not expect any one supplier to represent more than 55 % of merchandise purchases~~ . We cannot be certain that our suppliers will allocate sufficient amounts to us in the future or whether our suppliers will choose to further sell such merchandise through their own direct- to- customers channel. ~~2021 Form 10- K Page~~ Our inability to obtain merchandise in a timely manner from major suppliers as a result of business decisions by our suppliers, or any disruption in the supply chain, could have a material adverse effect on our business, financial condition, and results of operations. Because of the high proportion of purchases from Nike, any adverse development in Nike' s reputation, financial condition or results of operations, or the inability of Nike to develop and manufacture products that appeal to our target customers could also have an adverse effect on our business, financial condition, and results of operations. We cannot be certain that we will be able to acquire merchandise at competitive prices or on competitive terms in the future. These risks could have a material adverse effect on our business, financial condition, and results of operations. The industry in which we operate is dependent upon fashion trends, customer preferences, product innovations, and other fashion- related factors. The athletic footwear and apparel industry, especially at the premium end of the price spectrum, in which we operate, is subject to changing fashion trends and customer preferences. In addition, retailers in the athletic industry rely on their suppliers to maintain innovation in the products they develop. We cannot guarantee that our merchandise selection will accurately reflect customer preferences when it is offered for sale or that we will be able to identify and respond quickly to fashion changes, particularly given the long lead times for ordering much of our merchandise from suppliers. A substantial portion of our highest margin sales are to young males (ages 12 – 25), many of whom we believe purchase athletic footwear and athletic apparel as a fashion statement and are frequent purchasers. Our failure to anticipate, identify or react appropriately in a timely manner to changes in fashion trends that would make athletic footwear or athletic apparel less attractive to our customers could have a material adverse effect on our business, financial condition, and results of operations. If we do not successfully manage our inventory levels, our operating results will be adversely affected. We must maintain sufficient inventory levels to operate our business successfully. However, we also must guard against accumulating excess inventory. For example, we order most of our ~~athletic~~ footwear four to six months prior to delivery to us. If we fail to anticipate accurately either the market for the merchandise or our customers' purchasing habits, we may be forced to rely on markdowns or promotional sales to dispose of excess or slow- moving inventory, which could have a material adverse effect on our business, financial condition, and results of operations ~~. The COVID- 19 pandemic has disrupted and is expected to continue to disrupt our business, which could have a material adverse effect on our results of operations,~~

~~liquidity, and financial condition for an extended period of time. The COVID- 19 pandemic significantly affected our business as the uncertainty, volatility, and disruption of a new public health crisis emerged in 2020. We experienced disruption to our normal business operations from a number of factors, including stay at home orders, fully closing our stores, rapidly adopting new health and safety measures, and uncertainty around regulatory, economic, and market conditions. We continue to monitor COVID- 19, as well as new strains of the virus, and other closures, capacity limitations, social distancing requirements, and reduced operating hours which may be required to help ensure the health and safety of our team members and our customers. Businesses and consumers have been adjusting their plans to comply with renewed and evolving mask and vaccine mandates, symptom and temperature check requirements, travel restrictions, and delayed office reopenings. We are also continuing to communicate with our suppliers regarding the flow of product. To the extent one or more of our suppliers is negatively affected by COVID- 19, including due to the closure of their distribution centers or manufacturing facilities, we may be unable to maintain adequate inventory in our stores or distribution centers. COVID- 19 has also caused disruption in transportation, such as shipping port congestion, which has adversely affected our ability to receive merchandise on a timely basis. The full extent of the COVID- 19 pandemic on our operational and financial performance is uncertain and will depend on many factors beyond our control, including, without limitation, the timing, extent, trajectory and duration of the pandemic; the availability, distribution and effectiveness of vaccines; the spread of new variants of COVID- 19; the continued and renewed imposition of protective public safety measures such as masks and vaccine mandates; and the continuing global disruption in supply chains in our industries and the effect of the pandemic on the global economy, inflation, and demand for consumer products. Even after the pandemic has subsided, we may continue to experience material and adverse effects to our business, operating results, and financial condition as a result of the pandemic' s lasting global economic effect, including any recession that has occurred or may occur in the future in our industries or continuing inflationary concerns~~ . We are affected by mall traffic and our ability to secure suitable store locations, both in malls and off- malls. Many of our stores, especially in North America where only ~~21~~ **26** % of our locations are off- mall, are located primarily in enclosed regional and neighborhood malls. Our sales are affected, in part, by the volume of mall traffic. Mall traffic may be adversely affected by, among other factors, economic downturns, the closing or continued decline of anchor department stores and / or specialty stores, and a decline in the popularity of mall shopping among our target customers. Further, any terrorist act, natural disaster, public health issue, such as COVID- 19, flu or other pandemics, or safety concern that decreases the level of mall traffic, or that affects our ability to open and operate stores in such locations, could have a material adverse effect on our business. To take advantage of customer traffic and the shopping preferences of our customers, we need to maintain or acquire stores in desirable locations, such as in regional and neighborhood malls, as well as high- traffic urban retail areas and high streets. We cannot be certain that desirable locations will continue to be available at favorable rates. Some traditional enclosed malls are experiencing significantly lower levels of customer traffic, driven by economic conditions, public health issues, the closure of certain mall anchor tenants, and changes in customer shopping preferences, such as online shopping. Further, some malls have closed, and others may close in the future. While we seek to obtain suitable locations off- mall, there is no guarantee that we will be able to secure such locations. Several large landlords dominate the ownership of prime malls and because of our dependence upon these landlords for a substantial number of our locations, any significant erosion of their financial condition or our relationships with them could negatively affect our ability to obtain and retain store locations. Additionally, further landlord consolidation may negatively affect our ability to negotiate favorable lease terms. Our business could be materially harmed if we fail to adequately integrate the operations of the businesses we have acquired, or may acquire. We have recently made, and may continue to make, acquisitions in the future based on available opportunities in the market. Acquisitions involve numerous inherent challenges, such as properly evaluating acquisition opportunities, properly evaluating risks and other diligence matters, ensuring adequate capital availability, and balancing other resource constraints. There are risks and uncertainties related to acquisitions, including difficulties integrating operations, personnel, and financial and other systems; unrealized sales expectations from the acquired business; unrealized synergies and cost savings; unknown or underestimated liabilities; diversion of management attention from running our existing businesses; and potential loss of key management or customers of the acquired business. ~~During the third quarter of 2021, we acquired Eurostar, Inc., a Delaware corporation, operating as WSS, a U. S.- based athletic footwear and apparel retailer. During the fourth quarter of 2021, we acquired certain entities collectively operated as atmos, primarily based in Japan. The acquisitions of WSS and atmos involve a number of risks, which could significantly and adversely affect our business, financial condition, and results of operations, including failure of the acquired businesses to achieve the results that we expect; diversion of management' s attention from existing operational matters; difficulties integrating the operations and personnel; and failure to retain key personnel.~~ Our future growth may depend on our ability to expand operations in international markets. Our future growth will depend, in part, on our ability to expand our business in additional international markets. As we expand into new international markets, we may have only limited experience in operating our business in such markets. In other instances, we may have to rely on the efforts and abilities of foreign business partners in such markets. In addition, business practices in these new international markets may be unlike those in the other markets we serve, and we may face increased exposure to certain risks. Our future growth may be materially adversely affected if we are unsuccessful in our international expansion efforts. Our inability to expand in international markets could have a material adverse effect on our business. We may experience fluctuations in, and cyclicality of, our comparable- store sales results. Our comparable- store sales have fluctuated significantly in the past, on both an annual and a quarterly basis, and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable- store sales results, including, among others, fashion trends, product innovation, promotional events, the highly competitive retail sales environment, economic conditions, timing of income tax refunds, changes in our merchandise mix, calendar shifts of holiday periods, declines in foot traffic, supply chain disruptions, and weather conditions. Many of our products represent discretionary purchases. Accordingly, customer demand for these products could decline in an economic downturn or if our customers develop other priorities for their discretionary spending. These risks could have a material adverse effect on our business, financial condition, and results of operations. The effects of natural disasters, terrorism, acts of war, acts of violence, and public health issues **, such as COVID- 19,** may adversely affect our business. Natural disasters, including earthquakes, hurricanes, floods, and tornadoes may affect store and distribution center operations. In addition, acts of terrorism, acts of war, and military action both in the United States and abroad can have a significant effect on economic conditions and may negatively affect our ability to purchase merchandise from suppliers for sale to our customers. Any act of violence, including active shooter situations and terrorist activities, that are targeted at or threatened against shopping malls, our stores, offices or distribution centers, could result in restricted access to our stores and / or store closures in the short-term and, in the long- term, may cause our customers and employees to avoid visiting our stores ~~. Recently, Russian troops invaded Ukraine~~ . The invasion of Ukraine by Russia and the retaliatory measures taken by the U. S., NATO, and other countries have created global security concerns and economic uncertainty that could have a lasting effect on regional and global economies. Public health issues, such as COVID- 19, flu, or other pandemics, whether occurring in the United States or abroad, could disrupt our operations and result in a significant part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. Additionally, public health issues may disrupt, or have an adverse effect on, our suppliers' operations, our operations, our customers, or result in significantly lower traffic to or closure of our stores, or customer demand. Our ability to mitigate the adverse effect of these events depends, in part, upon the effectiveness of our disaster preparedness and response planning as well as business continuity planning. However, we cannot be certain that our plans will be adequate or implemented properly in the event of an actual disaster. Any significant declines in public safety or uncertainties regarding future economic prospects that affect customer spending habits could have a material adverse effect on customer purchases of our products. We may be required to suspend operations in some or all of our locations and incur significant costs to remediate concerns which could have a material adverse effect on our business, financial condition, and results of operations. Riots, vandalism, and other crimes and acts of violence may affect the markets in which we operate, our customers, delivery of our products and customer service, and could have a material adverse effect on our business, results of operations, or financial condition. Our business may be adversely affected by instability, disruption, or destruction, regardless of cause, including riots, civil insurrection or social unrest, and manmade disasters or crimes. Such events may result in property damage and loss and may also cause customers to suspend their decisions to shop in our stores, interrupt our supply chain, and cause restrictions, postponements, and cancellations of events that attract large crowds and public gatherings, such as store marketing events. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results. Risks Related to Technology, Data Security, and Privacy We are subject to technology risks including failures, security breaches, and cybersecurity risks that could harm our business, damage our reputation, and increase our costs in an effort to protect against these risks. Information technology is a critical part of our business operations. We depend on information systems to process transactions **, analyze customer behaviors through our loyalty program** , make operational decisions, manage inventory, operate our websites, purchase, sell and ship goods on a timely basis, and maintain cost- efficient operations. There is a risk that we could experience a business interruption, theft of information, or reputational damage as a result of a cyber- attack, such as an infiltration of a data center or data leakage of confidential information, either internally or through our third- party providers. In addition, cybersecurity researchers anticipate an increase in cyberattack activity in connection with the Russian invasion of Ukraine. We may experience operational problems with our information systems as a result of system failures, system implementation issues, viruses, malicious hackers, sabotage, or other causes. We invest in security technology to protect the data stored by us, including our data and business processes, against the risk of data security breaches and cyber- attacks. Our data security management program includes enforcement of standard data protection policies such as Payment Card Industry compliance and other regulatory requirements. Additionally, we evaluate our major technology suppliers and any outsourced services through accepted security assessment measures. We maintain and routinely test backup systems and disaster recovery, along with external network security penetration testing by an independent third party as part of our business continuity preparedness. While we believe that our security technology and processes follow appropriate practices in the prevention of security breaches and the mitigation of cybersecurity risks, given the ever- increasing abilities of those intent on breaching cybersecurity measures and given the necessity of our reliance on the security procedures of third- party vendors, the total security effort at any point in time may not be completely effective. ~~Any security breaches and cyber incidents could adversely affect our business.~~ Failure of our systems, either internally or at our third- party providers, including failures due to cyber- attacks that would prevent the ability of systems to function as intended, could cause transaction errors, loss of customers and sales, and negative consequences to us, our employees, and those with whom we do business. A cyberattack on a communications network or power grid could cause operational disruption resulting in loss of revenues. Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential information by us could also severely damage our reputation, expose us to the risks of litigation and liability, increase operating costs associated with remediation, and harm our business. While we carry insurance that would mitigate ~~the~~ losses **in connection with security breaches and cyber incidents** , insurance may be insufficient to compensate us fully for potentially significant losses. Risks associated with digital operations. Our digital operations are subject to numerous risks, including risks related to the failure of the computer systems that operate our websites, mobile sites, and apps and their related support systems, computer viruses, cybersecurity risks, telecommunications or power failures, denial of service attacks, bot attacks, and similar disruptions. Also, to sustain, keep current, or grow our digital commerce business we will need to make additional investments. Risks related to digital commerce include those associated with credit card fraud, the need to keep pace with rapid technological change, governmental regulation, and legal uncertainties with respect to internet regulatory compliance. If any of these risks materialize, it could have a material adverse effect on our business. Privacy and data security concerns and regulation could result in additional costs and liabilities. The protection of customer, employee, and Company data is critical. The regulatory environment surrounding ~~information security and~~ privacy is demanding, with the frequent imposition of new and changing requirements. In addition, customers appear increasingly to have a high expectation that we will adequately protect their personal information. Any actual or perceived misappropriation or breach involving this data could **cause our customers to lose confidence in our ability to protect their data, which may cause them to potentially stop shopping with us or joining our loyalty program,** attract negative media attention, cause harm to our reputation or result in liability (including but not limited to fines, penalties or lawsuits), any of which could have a material adverse effect on our business, operational results, financial position, and cash flows. Regulatory scrutiny of privacy, user data protection, use of data and data collection is increasing on a global basis. We are subject to a number of privacy and similar laws and regulations in the countries in which we operate and these laws and regulations will likely continue to evolve over time ~~, both through regulatory and legislative action and judicial decisions~~ . The European Union (“ E. U. ”) adopted a comprehensive General Data Privacy Regulation (the “ GDPR ”), which requires companies to satisfy requirements regarding the handling of personal and sensitive data, including its use, protection, and the ability of persons whose data is stored to correct or delete data about themselves. Failure to comply with GDPR **, including UK GDPR post- Brexit,** requirements could result in penalties of up to 4 % of worldwide revenue. Data protection legislation and enforcement is also becoming increasingly common in the Asia Pacific region and in the United States at both the federal and state level. For example, the State of California enacted the California Consumer Privacy Act of 2018 (the “ CCPA ”), which became effective on January 1, 2020. The CCPA, among other things, requires companies that process information of California residents to make disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties and provides a new cause of action for data breaches. ~~Additionally, effective~~ **Effective** starting January 1, 2023, the California Privacy Rights Act (the “ CPRA ”) ~~will~~ **has** ~~revise~~ **revised** and significantly ~~expand~~ **expanded** the scope of the CCPA. The CPRA, among other things, also creates a new California data protection agency authorized to implement and enforce the CCPA and the CPRA, which could result in increased privacy and information security enforcement. ~~Other U. S. states~~ **Connecticut, Utah, and Virginia** have **also** ~~considered and / or~~ enacted **comprehensive** ~~similar privacy laws, including Virginia and Colorado, which passed new~~ consumer privacy laws **, and other states may follow** ~~in 2021 that take effect in 2023~~ . Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The burdens imposed by the CCPA, CPRA, and other similar laws that may be enacted at the federal and state level may require us to further modify our data processing practices and policies and to incur substantial expenditures in order to comply. The laws and regulations relating to privacy and data security are evolving, can be subject to significant change and may result in ever- increasing regulatory and public scrutiny and escalating levels of enforcement, sanctions, and private litigation. The technology enablement of omni- channel in our business is complex. We continue to invest in initiatives designed to deliver a high- quality, coordinated shopping experience online, in stores, and on mobile devices, which requires substantial investment in technology, information systems, and employee training, as well as significant management time and resources. Our omni- channel retailing efforts include the integration and implementation of new technology, software, and processes to be able to fulfill orders from any point within our system of stores and distribution centers, which is extremely complex and may not meet customer expectations for timely and accurate deliveries. These efforts involve substantial risk, including risk of implementation delays, cost overruns, technology interruptions, supply and distribution delays, and other issues that can affect the successful implementation and operation of our omni- channel initiatives. If our omni- channel initiatives are not successful ~~, or~~ we ~~do~~ **may not be able to provide a relevant shopping experience, or we may** not realize the return on our omni- channel investments that we anticipate, our financial performance and future growth could be materially adversely affected. Risks Related to our Operations and Supply Chain Complications in our distribution centers and other factors affecting the distribution of merchandise may affect our business. We operate multiple distribution centers worldwide ~~to support our businesses. In addition to the distribution centers that we operate~~ , ~~we have~~ **as well as** third- party arrangements **,** to support our operations in the United States, Canada, England, Australia, New Zealand, and Asia. If complications arise with any facility or third- party arrangements, or if any facility is severely damaged or destroyed, our other distribution centers may be unable to support the resulting additional distribution demands. We also may be affected by disruptions in the global transportation network caused by events including delays caused by ~~the COVID- 19 pandemic,~~ port disruption, port strikes, weather conditions, work stoppages, or other labor unrest. These factors may adversely affect our ability to deliver inventory on a timely basis. We depend upon third- party carriers for shipment of merchandise. Any interruption in service by these carriers for any reason could cause disruptions in our business, a loss of sales and profits, and other material adverse effects. Manufacturer compliance with our social compliance program requirements. We require our independent manufacturers to comply with our policies and procedures, which cover many areas including human rights policy, labor, health and safety, and environmental standards. We monitor compliance with our policies and procedures using internal resources, as well as third- party monitoring firms. Although we monitor their compliance with these policies and procedures, we do not control the manufacturers or their practices. Any failure of our independent manufacturers to comply with our policies and procedures or local laws in the country of manufacture could disrupt the shipment of merchandise to us, force us to locate alternate manufacturing sources, reduce demand for our merchandise, or damage our reputation. Our reliance on key management. Future performance will depend upon our ability to attract, retain, and motivate our executive and senior management teams. Our ~~executive and senior management teams have substantial experience and expertise in our business and have made significant contributions to our success. Our~~ future performance depends, to a significant extent, both upon the continued services of our current executive and senior management teams, as well as our ability to attract, hire, motivate, and retain additional qualified management in the future. ~~While we believe~~ **We have succession plans in place and our Board of Directors reviews these succession plans. If our succession plans do not adequately cover significant and unanticipated turnover, the loss of the services of any of these individuals, or any resulting negative perceptions or reactions, could damage our reputation and our business. Additionally, our success depends on the talents and abilities of our workforce**

**in all areas of our business, especially personnel** that **can adapt to complexities** ~~we have adequate succession planning~~ and **grow their skillset across the changing environment. Our ability to successfully** ~~executive~~ -- **execute** ~~development programs, competition for key executives in the retail industry is intense, and~~ our **strategy depends on** ~~operations could be adversely affected if we cannot retain and attract~~ **attracting , developing and retaining** qualified ~~executives~~ **talent with diverse sets of skills, especially functional and technology specialists that directly support our strategies** . Risks associated with attracting and retaining store and field team members. Our success depends, in part, upon our ability to attract, develop, and retain a sufficient number of qualified store and field team members. The turnover rate in the retail industry is generally high. If we are unable to attract and retain quality team members, our ability to meet our growth goals or to sustain expected levels of profitability may be compromised. **We have** ~~During 2021, we~~ experienced unusually low availability of workers, which we believe was primarily attributable to COVID- 19 pandemic **-** related factors and in turn has created increased competition in labor markets. Our ability to meet our labor needs while controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, and overtime regulations. Risks Related to our Investments If our long- lived tangible assets and operating lease right- of- use assets, or goodwill become impaired, we may need to record significant non- cash impairment charges. We review our long- lived tangible assets, operating lease right- of- use assets, and goodwill when events indicate that the carrying value of such assets may be impaired. Goodwill is reviewed for impairment if impairment indicators arise and, at a minimum, annually. Goodwill is not amortized but is subject to an impairment test, which consists of either a qualitative assessment on a reporting unit level, or a quantitative impairment test, if necessary. The determination of impairment charges is significantly affected by estimates of future operating cash flows and estimates of fair value. Our estimates of future operating cash flows are identified from our long- range strategic plans, which are based upon our experience, knowledge, and expectations; however, these estimates can be affected by factors such as our future operating results, future store profitability, and future economic conditions, all of which are difficult to predict accurately. Any significant deterioration in macroeconomic conditions could affect the fair value of our long- lived assets, operating lease right- of- use assets, and goodwill and could result in future impairment charges, which would adversely affect our results of operations. We do not have the ability to exert control over our minority investments, and therefore, we are dependent on others in order to realize their potential benefits. At January ~~29~~ **28** , ~~2022~~ **2023** we hold $ ~~781~~ **630** million of non- controlling minority investments in various entities and we may make additional strategic minority investments in the future. Such minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational, and compliance risks associated with the investments. Other investors in these entities may have business goals and interests that are not aligned with ours or may exercise their rights in a manner in which we do not approve. These circumstances could lead to delayed decisions or disputes and litigation with those other investors, all of which could have a material adverse impact on our reputation, business, financial condition, and results of operations. If our investees seek additional financing to fund their growth strategies, these financing transactions may result in further dilution of our ownership stakes and these transactions may occur at lower valuations than the investment transactions through which we acquired such interests, which could significantly decrease the fair values of our investments in those entities. Additionally, if our investees are unable to obtain additional financing, those entities could need to significantly reduce their spending in order to fund their operations or result in their insolvency. These actions likely would result in reduced growth forecasts, which also could significantly decrease the fair values of our investments in those entities. Risks Related to **Internal Controls,** Shareholder Activism, Geopolitics, Regulations, and Other External Risks **We have identified a material weakness in our internal control over financial reporting, and if we are unable to improve our internal controls, our financial results may not be accurately reported. As disclosed in Item 9A, " Controls and Procedures, " we identified a material weakness in our control over financial reporting related to our newly acquired WSS business. The material weakness did not result in any identified misstatements to the financial statements, and there were no changes to previously issued financial results. We are actively engaged in developing a remediation plan designed to address this material weakness; however, we cannot guarantee that these steps will be sufficient or that we will not have a material weakness in the future. This material weakness, or difficulties encountered in implementing new or improved controls or remediation, could prevent us from accurately reporting our financial results, result in material misstatements in our financial statements or cause us to fail to meet our reporting obligations. Failure to comply with Section 404 of the Sarbanes- Oxley Act of 2002 could negatively affect our business, the price of our common stock and market confidence in our reported financial information.** We may face risks associated with shareholder activism. Publicly **-** traded companies are subject to campaigns by shareholders advocating corporate actions related to matters such as corporate governance, operational practices, and strategic direction. We may become subject in the future to such shareholder activity and demands. Such activities could interfere with our ability to execute our business plans, be costly and time- consuming, disrupt our operations, and divert the attention of management, any of which could have an adverse effect on our business or stock price. Economic or political conditions in other countries, including fluctuations in foreign currency exchange rates and tax rates may adversely affect our operations. A significant portion of our sales and operating income for ~~2021~~ **2022** was attributable to our operations outside of the United States. As a result, our business is subject to the risks associated with doing business outside of the United States such as local customer product preferences, political unrest, disruptions or delays in shipments, changes in economic conditions in countries in which we operate, foreign currency fluctuations, real estate costs, and labor and employment practices in non- U. S. jurisdictions that may differ significantly from those that prevail in the United States. In addition, because our suppliers manufacture a substantial amount of our products in foreign countries, our ability to obtain sufficient quantities of merchandise on favorable terms may be affected by governmental regulations, trade restrictions, labor, and other conditions in the countries from which our suppliers obtain their product. Fluctuations in the value of the euro and the British Pound may affect the value of our European earnings when translated into U. S. dollars. Similarly, our earnings in other jurisdictions may be affected by the value of currencies when translated into U. S. dollars. Except for our business in the United Kingdom (the " U. K. "), our international subsidiaries conduct most of their business in their local currency. Inventory purchases for our U. K. business are generally denominated in euros, which could result in foreign currency transaction gains or losses. Our products are subject to import and excise duties and / or sales or value- added taxes in many jurisdictions. Fluctuations in tax rates and duties and changes in tax legislation or regulation could have a material adverse effect on our results of operations and financial condition. Our stock price may be volatile, and the value of our common stock has declined and may continue to decline. The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including without limitation: • a change in the relationship with any of our key suppliers or the unavailability of key products at competitive prices; • actual or anticipated fluctuations in our financial condition or results of operations; • variance in our financial performance from expectations of securities analysts and securities analysts may issue unfavorable research about us; • changes in our projected operating and financial results; • announcements by us or our competitors of significant business developments, acquisitions, or new offerings; • significant data breaches; • material litigation; • future sales of our common stock by us or our shareholders, or the perception that such sales may occur; • changes in senior management or key personnel; • the trading volume of our common stock; • changes in the anticipated future size and growth rate of our market; and • general macroeconomic, geopolitical, and market conditions beyond our control. Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, such as recessions, interest rate changes, or international currency fluctuations, may also negatively affect the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management' s attention. Macroeconomic developments may adversely affect our business. Our performance is subject to global economic conditions and the related effects on consumer spending levels. Continued uncertainty about global economic conditions, including the COVID- 19 pandemic, poses a risk as consumers and businesses may postpone spending in response to tighter credit, unemployment, negative financial news, and / or declines in income or asset values, which could have a material negative effect on demand for our products. The invasion of Ukraine by Russia has created global security concerns and economic uncertainty. As a retailer that is dependent upon consumer discretionary spending, our results of operations are sensitive to changes in macroeconomic conditions. Our customers may have less money for discretionary purchases as a result of job losses, foreclosures, bankruptcies, increased fuel and energy costs, higher interest rates, higher taxes, reduced access to credit, and lower home values. These and other economic factors could adversely affect demand for our products, which could adversely affect our financial condition and operating results. Significant developments stemming from the U. K.' s withdrawal from the E. U. could have a material adverse effect on the Company. The U. K. formally exited the European Union on January 31, 2020 (commonly referred to as " Brexit ") and entered into a new trade agreement with the European Union on December 24, 2020. Despite the U. K.' s December 2020 trade agreement, many potential future effects of Brexit remain unclear and could adversely affect certain areas of our business, including, but not limited to, an increase in duties and delays in the delivery of products, and adverse effects to our suppliers. We have significant operations in both the U. K. and the E. U., and we are highly dependent on the free flow of labor and goods in those regions. In response to Brexit, in February 2020 we engaged with a third- party logistics provider within England to mitigate supply chain risks. Uncertainty surrounding Brexit could cause a slowdown in economic activity in the U. K., Europe or globally, which could adversely affect our operating results and growth prospects. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U. K. determines which E. U. laws to replace or replicate, including data protection regulation. Compliance with any new laws and regulations may be cumbersome, difficult, or costly. There remains substantial uncertainty surrounding the ultimate effect of Brexit and outcomes could disrupt the markets we serve and the tax jurisdictions in which we operate. This uncertainty creates challenges (particularly in the near term) with respect to trading relationships between our U. K. subsidiary and other E. U. nations. These possible effects of Brexit could adversely affect our business, results of operations, and financial condition. Imposition of tariffs and export controls on the products we buy may have a material adverse effect on our business. A significant portion of the products that we purchase, including the portion purchased from U. S.- based suppliers, as well as most of our private brand merchandise, is manufactured abroad. We may be affected by potential changes in international trade agreements or tariffs, such as new tariffs imposed on certain Chinese- made goods imported into the U. S. Furthermore, China or other countries may institute retaliatory trade measures in response to existing or future tariffs imposed by the U. S. that could have a negative effect on our business. If any of these events occur as described, we may be obligated to seek alternative suppliers for our private brand merchandise, raise prices, or make changes to our operations, any of which could have a material adverse effect on our sales and profitability, results of operations, and financial condition. Increasing inflation could adversely affect our business, financial condition, results of operations **,** or cash flows. Inflation, as well as some of the measures taken by or that may be taken by the governments in countries where we operate in an attempt to curb inflation **,** may have negative effects on the economies of those countries generally. If the United States or other countries where we operate experience substantial inflation in the future, our business may be adversely affected. **Fewer customers may shop as these purchases may be seen as discretionary, and those who do shop may limit the amount of their purchases. Any reduced demand or changes in customer purchasing behavior may lead to lower sales, higher markdowns and an overly promotional environment or increased marketing and promotional spending.** This could have a material adverse effect on our business, financial condition, results of operations, or cash flows. Instability in the financial markets may adversely affect our business. **The** ~~Uncertainty surrounding the potential effects of the COVID- 19 pandemic helped create volatility in financial markets around the world. In addition, the~~ global macroeconomic environment could be negatively affected by, among other things, instability in global economic markets, **disruptions to the banking system and financial market volatility resulting from bank failures,** increased U. S. trade tariffs and trade disputes with other countries, instability in the global credit markets, supply chain weaknesses, instability in the geopolitical environment as a result of Brexit, the Russian invasion of the Ukraine and other political tensions, and foreign governmental debt concerns. Such challenges have caused, and may continue to cause, uncertainty and instability in local economies and in global financial markets. ~~LIBOR is in the process of being phased out and may be replaced by other benchmark rates; at this time, the future of LIBOR remains uncertain, and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR' s phase out could cause LIBOR to perform differently than in the past or cease to exist.~~ The phase out of LIBOR could cause market volatility or disruption and may adversely affect our access to the capital markets and cost of funding. **The Federal Reserve Board adopted a final rule in December 2022 that replaces LIBOR in certain financial contracts after June 30, 2023.** Our ~~2020~~ **revolving** ~~Credit~~ **credit** ~~Agreement~~ **agreement** provides for alternative methods of calculating the interest rate payable on indebtedness thereunder. This volatility may affect our future access to the credit and debt security markets, leading to higher borrowing costs, or, in some cases, the inability to obtain additional financing. Although we currently have a revolving credit agreement in place until July 14, 2025, tightening of credit markets could make it more difficult for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness, or obtain funding through the issuance of the Company' s securities. Material changes in the market value of the securities we hold may adversely affect our results of operations and financial condition. At January ~~29~~ **28** , ~~2022~~ **2023** our cash and cash equivalents totaled $ ~~804~~ **536** million. The majority of our investments were short- term deposits in highly- rated banking institutions. We regularly monitor our counterparty credit risk and mitigate our exposure by making short- term investments only in highly- rated institutions and by limiting the amount we invest in any one institution. We continually monitor the creditworthiness of our counterparties. At January ~~29~~ **28** , ~~2022~~ **2023** , all investments were in investment grade institutions. Despite an investment grade rating, it is possible that the value or liquidity of our investments may decline due to any number of factors, including general market conditions and bank- specific credit issues. Our U. S. pension plan trust holds assets totaling $ ~~631~~ **509** million at January ~~29~~ **28** , ~~2022~~ **2023** . The fair values of these assets held in the trust are compared to the plan' s projected benefit obligation to determine the pension funding liability. We attempt to mitigate funding risk through asset diversification, and we regularly monitor investment risk of our portfolio through quarterly investment portfolio reviews and periodic asset and liability studies. Despite these measures, it is possible that the value of our portfolio may decline in the future due to any number of factors, including general market conditions and credit issues. Such declines could affect the funded status of our pension plan and future funding requirements. Our financial results may be adversely affected by tax rates or exposure to additional tax liabilities. We are a U. S. **-** based multinational company subject to tax in multiple U. S. and foreign tax jurisdictions. Our provision for income taxes is based on a jurisdictional mix of earnings, statutory rates, and enacted tax rules, including transfer pricing. Significant judgment is required in determining our provision for income taxes and in evaluating our tax positions on a worldwide basis. Our effective tax rate could be adversely affected by a number of factors, including shifts in the mix of pretax results by tax jurisdiction, changes in tax laws or related interpretations in the jurisdictions in which we operate, and tax assessments and related interest and penalties resulting from income tax audits. **Further, many countries continue to consider changes in their tax laws by implementing new taxes such as the digital service tax and initiatives such as the Organization for Economic Co- operation and Development' s Pillar II global minimum tax. Various countries are in the process of incorporating the Pillar II framework within their tax laws.** Changes in employment laws or regulation could harm our performance. Various foreign and domestic labor laws govern our relationship with our employees and affect our operating costs. These laws include **, but are not limited to,** minimum wage requirements, overtime ~~and~~ **,** sick **, and premium** pay, paid time off, work scheduling, healthcare reform and the Patient Protection and Affordable Care Act, and the Protecting the Right to Organize Act, unemployment tax rates, workers' compensation rates, European works council requirements, and union organization. A number of factors could adversely affect our operating results, including additional government- imposed increases in minimum wages, overtime ~~and~~ **,** sick **, and premium** pay, paid leaves of absence, mandated health benefits, and changing regulations from the National Labor Relations Board or other agencies. Complying with any new legislation **or interpretation of law,** or reversing changes implemented under existing law could be time- intensive and expensive and may affect our business. Legislative or regulatory initiatives related to climate change concerns may negatively affect our business. Greenhouse gases may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. Such events could make it difficult or impossible for us to deliver products to our customers, create delays, and inefficiencies in our supply chain. Following an interruption to our business, we could require substantial recovery time, experience significant expenditures to resume operations, and lose significant sales. Concern over climate change may result in new or additional legal, legislative, ~~and~~ regulatory **, and compliance** requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation, and utility increases, which could adversely affect our business. There is also increased focus, including by investors, customers, and other stakeholders, on these and other sustainability matters, such as worker safety, the use of plastic, energy consumption, and waste. We face reputational, regulatory, human capital, and business development risks from a perceived or actual failure to effectively manage our material ESG risks and opportunities. Our reputation could be damaged if we do not, or are perceived to not, act responsibly with respect to ESG matters, which could adversely affect our business, results of operations, cash flows, and financial condition. Our global ESG program is focused on the following four pillars through which we believe we may significantly impact our stakeholders, or which may pose a material risk or opportunity for our business: (1) Leveraging the Power of Our People and Communities, (2) Strengthening the Sustainability of Our Supply Chain, (3) Managing and Reducing Our Environmental Impacts, and (4) Operating Ethically and Transparently. These focus areas could prove to be the wrong focus areas, or not the most material focus areas, for our business. In light of increasing regulatory, customer, team member, investor, and societal scrutiny of businesses' management of material ESG issues, we may face a number of related risks, including making insufficient progress on or failing to identify all material ESG issues, resulting in potentially significant negative impacts on our stakeholders and related reputational harm; being perceived as having a superficial commitment to ESG without meaningfully addressing stakeholder impacts, risks, and opportunities, thereby potentially reducing important stakeholders' willingness to be associated with, do business with, or be employed by us; an inability to control or avoid stakeholders politicizing our ESG positions, causing potential reputational harm among segments of our important stakeholders; or failing to comply with rapidly developing regulation on ESG in various jurisdictions, which may compromise our credibility, cause reputational harm, or lead to legal proceedings against us. Increasing attention to ESG matters may also cause certain institutional investors to be discouraged from investing in us. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and **,** in recent years **,** have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, investors' increased focus and activism related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company' s ESG practices. Companies which do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage **,** and the business, financial condition, and / or stock price of such a company could be materially and adversely affected. In addition, the importance of ESG scoring evaluations is becoming more broadly accepted by shareholders. Certain organizations have developed scores and ratings to evaluate companies based upon certain ESG metrics. Many shareholders focus on positive ESG business practices and scores when making investments and may consider a company' s score as a reputational or other factor in making an investment decision. In addition, certain investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with companies to require improved ESG disclosure or performance. We may face reputational damage in the event our ESG procedures or standards do not meet the standards set by various constituencies. A low score could result in a negative perception of us, or exclusion of our common stock from consideration by certain investors. In addition, the cost of compliance to receive high ESG scores may be considerable. We may be adversely affected by regulatory and litigation developments. We are exposed to the risk that federal or state legislation may negatively affect our operations. Changes in federal or state wage requirements, employee rights, health care, social welfare or entitlement programs, including health insurance, paid leave programs, or other changes in workplace regulation could increase our cost of doing business or otherwise adversely affect our operations. Additionally, we are regularly involved in litigation, including commercial, tort, intellectual property, customer, employment, wage and hour, data privacy, anti- corruption, and other claims, including purported class action lawsuits. The cost of defending against these types of claims against us or the ultimate resolution of such claims, whether by settlement, mediation, arbitration, or adverse court or agency decision, may harm our business. **13** ~~We operate in many different jurisdictions and we could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act and similar worldwide anti- corruption laws. The U. S. Foreign Corrupt Practices Act (" FCPA ") and similar worldwide anti- corruption laws, including the U. K. Bribery Act of 2010, which is broader in scope than the FCPA, generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti- corruption laws. Despite our training and compliance programs, we cannot be assured that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees or agents. Our continued expansion outside the United States, including in developing countries, could increase the risk of FCPA violations in the future. Violations of these laws, or allegations of such violations, could have a material adverse effect on our results of operations or financial condition.~~