

Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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You should carefully consider the risks described below, together with all of the other information included in this Annual Report, including our consolidated financial statements and the related notes thereto, before making an investment decision. The risks and uncertainties set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, and operating results. If any of the following events occur, our business, financial condition, and operating results could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Risks Related to Our Business **Declines in certain** ~~The hard surface flooring industry depends on the overall health of the economy, including home remodeling activity and other important factors. An economic recession~~ **conditions**, **which impact** ~~depression, downturn, periods of inflation, or economic uncertainty in our key markets may adversely affect consumer discretionary spending and demand for~~ **could adversely affect** our products **business, financial condition and results of operations**. ~~As global~~ **Consumer discretionary spending affects our sales and is impacted by factors outside of our control, including general economic and political conditions**, interest rates, the residential housing market, unemployment rates and wage levels, inflation, disposable income levels, consumer confidence, recession fears, energy costs, consumer credit availability and terms, consumer debt levels, salaries and wage rates, geopolitical events and uncertainty. **Declines in the level of consumer confidence and spending and rising interest rates have adversely affected, and could** continue to **adversely affect** ~~be volatile or economic uncertainty remains~~, trends in **consumer spending habits and consumer discretionary spending also remain unpredictable**, **which have resulted in**, and subject to reductions due to credit constraints and uncertainties about the future. Unfavorable economic conditions may **continue** lead consumers to delay or **result in**, reduce **reduced** purchases of our products. Consumer demand for our products may not reach our targets, or may decline, when there is an economic downturn or economic uncertainty in our key markets. The hard surface flooring industry is highly dependent on the remodeling of existing homes ~~home~~, **businesses sales because homeowners often replace flooring before selling a home or shortly after purchasing a home** and, to a lesser extent, new home construction. In **turn response to increasing inflation, the U. S. Federal Reserve began to raise interest rates in March 2022 and continued to do so through July 2023, contributing to negative existing home sales for over two years. We believe such inflationary pressure has impacted consumer behavior during 2023, particularly in the U. S. housing market and as a result of elevated mortgage rates and higher home prices. Rising interest rates and any such shift in consumer behavior may adversely affect the demand for existing homes**, remodeling, and new home construction. In addition, existing home sales, remodeling, and new home construction depend on a number of **other** factors that are beyond our control, including interest rates, inflation, tax policy, trade policy, employment levels, consumer confidence, credit availability, real estate prices, home-price appreciation, existing home sales, demographic trends, ~~trends in response to the COVID-19 pandemic~~, weather conditions, natural disasters, **geopolitical or public safety conditions** and general economic conditions. In particular: ~~•~~ interest rates and inflation could continue to rise **or remain at high levels**; ~~•~~ undermining consumer confidence and eroding discretionary income; ~~•~~ home-price appreciation could slow or turn negative; ~~•~~ **and** regions where we have stores could be impacted by hurricane, fire, or other natural disasters (including those due to the effects of climate change such as increased storm severity, drought, wildfires, and potential flooding due to rising sea levels and storm surges); ~~•~~ **increased demand for home improvement products could continue to lessen as the COVID-19 pandemic subsides, causing consumers to spend discretionary income in other ways; • credit could become less available; • tax rates and / or health care costs could increase; or • fuel costs or utility expenses could increase.** Any **We believe any** one or a combination of these factors **has resulted, and** could **continue to** result in, decreased demand for our products, ~~reduce~~ **reduced** spending on homebuilding or remodeling of existing homes or ~~cause~~ **caused** purchases of new and existing homes to decline. While the vast majority of our net sales are derived from home remodeling activity as opposed to new home construction, ~~a~~ **the** decrease in any of these areas **has adversely affected and would could continue to** adversely affect our business, financial condition, and operating results. ~~We may not be able to offset higher costs associated with inflation and other general cost increases. We are subject to inflationary and other general cost increases, including with regard to our labor costs and purchases of raw materials and transportation services. General economic conditions may result in higher inflation, which may increase our exposure to higher costs. If we are unable to offset these cost increases by price increases, growth, and / or cost reductions in our operations, these inflationary and other general cost increases could have a material adverse effect on our operating cash flows, profitability, and liquidity. Our growth and profitability depend on the levels of consumer confidence and spending. Our results of operations are sensitive to changes in overall economic and political conditions that impact consumer spending, including discretionary spending. Many economic factors outside of our control, including inflation, conditions in the housing market, interest rates, energy costs, consumer credit availability and terms, consumer debt levels, tax rates and policy, salaries and wage rates, unemployment trends, geopolitical events and uncertainty, influence consumer confidence and spending. Declines in the level of consumer confidence and spending, a general slowdown in the U. S. economy or an uncertain economic outlook have adversely affected, and could continue to adversely affect, consumer spending habits, which have resulted in, and may continue to result in, among other things, reduced demand for our products, which has had, and in the future would have, an adverse effect on our sales and operations results. The demand for our products and services may be adversely affected by unfavorable economic conditions. Consumer discretionary spending affects our sales and is impacted by factors outside of our control, including general economic conditions, the residential housing~~

market, unemployment rates and wage levels, rising interest rates, inflation, disposable income levels, consumer confidence, recession fears, and access to credit. In economic downturns, the demand for home improvement products and services may decline, often corresponding with declines in discretionary consumer spending. A weak economy may also cause consumers to defer discretionary replacement and refurbishment activity. Even in generally favorable economic conditions, severe and/or prolonged downturns in the housing market could have a material adverse impact on our financial performance. In a housing market downturn, our sales and results of operations will be adversely affected; we may have significant inventory impairments and other write-offs; our gross margins may decline significantly from historical levels, and we may incur substantial losses from operations. At any particular time, we cannot accurately predict whether housing market conditions will improve, deteriorate or continue as they exist at that time. Additionally, we believe that homeowners' access to consumer credit is a critical factor enabling the purchase of our products. Unfavorable economic conditions or a downturn in the housing market could result in significant tightening of credit markets, which limit the ability of consumers to access financing for home improvements or construction. Tightening consumer credit could prevent consumers from obtaining financing for home projects, which could negatively impact our sales of products and services. Any disruption in our distribution capabilities, supply chain or our related planning and control processes may adversely affect our business, financial condition, and operating results. Our success is highly dependent on our planning and distribution infrastructure, which includes the ordering, transportation, and distribution of products to our stores and the ability of suppliers to meet distribution requirements. We need to continue to identify and improve our processes and supply chain and that our distribution infrastructure and supply chain keep pace with our anticipated growth and increased number of stores. The cost of these enhanced processes could be significant and any failure to maintain, grow, or improve them could adversely affect our business, financial condition, and operating results. Due to our rapid expansion, we have had to significantly increase the size of our distribution centers and plan to add additional distribution centers. Increasing the size of our distribution centers may decrease the efficiency of our distribution costs. We manage our four distribution centers internally rather than rely on independent third-party logistics providers. If we are not able to manage our distribution centers successfully, it could adversely affect our business, financial condition, and operating results. As we continue to add distribution centers, we may incur unexpected costs, and our ability to distribute our products may be adversely affected. Any disruption in the transition to and from or operation of our distribution centers could have an adverse impact on our business, financial condition, and operating results. For example, the landlord for our Maryland distribution center has identified a construction defect with that facility that we are working with the landlord to address. While we are unable to predict the impact such defect could have on our business, any necessary repairs could cause disruption in the operation of that distribution center, which could negatively impact the in-stock positions in the stores served by such distribution center and could have an adverse impact on our business, financial condition, and operating results. A disruption within our logistics or supply chain network could adversely affect our ability to deliver inventory in a timely manner, which could impair our ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to our reputation. Such disruptions may result from damage or destruction to our distribution centers; weather-related events; natural disasters; international trade disputes or trade policy changes or restrictions; tariffs or import-related taxes; third-party strikes, lock-outs, work stoppages or slowdowns; shortages of supply chain labor, including truck drivers; shipping capacity constraints, including shortages of related equipment; third-party contract disputes; supply or shipping interruptions or costs; military conflicts; acts of terrorism; public health issues, including pandemics or quarantines (such as the COVID-19 pandemic) and related shut-downs, re-openings, or other actions by the government; civil unrest; or other factors beyond our control. In recent years, U. S. ports have been impacted by capacity constraints, port congestion and delays, periodic labor disputes, security issues, weather-related events, and natural disasters, which have been further exacerbated by the pandemic. Disruptions to our supply chain due to any of the factors listed above could negatively impact our financial performance or financial condition. Accordingly, we regularly work on supply chain continuity plans. While to date there has been no material impact on supply for most of our sourced merchandise, COVID-19-related labor shortages and supply chain disruptions continue to cause logistical challenges for us and the entire hard surface flooring industry. In particular, the significant congestion at ports of entry to the United States is increasing the time and cost to ship goods to our stores. Additionally, customer demand for certain products has also fluctuated as the COVID-19 pandemic has progressed and customer behaviors have changed, which has challenged our ability to anticipate and/or adjust inventory levels to meet that demand. These factors have resulted in certain of our products having in-stock levels below our goals. In certain cases, we are also experiencing delays in delivering those products to our distribution centers, stores or customers. Recently, we have seen a significant increase in supply chain costs, and we do not know how long this will last. It is our belief that we can pass along these costs. While we are working closely with our suppliers and transportation partners to mitigate the impact of these disruptions, future capacity shortages or shipping cost increases could have an adverse impact upon our business. Our success is also dependent on our ability to provide timely delivery to our customers. Our business could also be adversely affected if fuel prices increase or there are delays in product shipments due to freight difficulties, inclement weather, strikes by our associates or associates of third parties involved in our supply chain, or other difficulties. If we are unable to deliver products to our customers on a timely basis, they may decide to purchase products from our competitors instead of from us, which would adversely affect our business, financial condition, and operating results. Any failure by us to successfully anticipate trends may lead to loss of consumer acceptance of our products, resulting in reduced net sales. Each of our stores is stocked with a customized product mix based on consumer demands in a particular market. Our success therefore depends on our ability to anticipate and respond to changing trends and consumer demands in these markets in a timely manner. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in customer demand for our products or for products of our competitors, our failure to accurately forecast customer acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions and weakening of economic conditions or consumer confidence in future economic conditions (for example, because of

inflationary pressures). If we fail to identify and respond to emerging trends, consumer acceptance of our merchandise and our image with current or potential customers may be harmed, which could reduce our net sales. Additionally, if we misjudge market trends, we may significantly overstock unpopular products, incur excess inventory costs and be forced to reduce the sales price of such products or incur inventory write-downs, which would adversely affect our operating results. Conversely, shortages of products that prove popular could also reduce our net sales through missed sales and a loss of customer loyalty. If we fail to successfully manage the challenges that our planned new store growth poses or encounter unexpected difficulties or higher costs during our expansion, our operating results and future growth opportunities could be adversely affected. We have 191-221 warehouse-format stores and six-five small-format standalone design studios located throughout the United States as of December 29-28, 2022-2023. We plan to continue opening new stores for the next several years. This growth strategy and the investment associated with the development of each new store may cause our operating results to fluctuate and be unpredictable or decrease our profits. We cannot ensure that store locations will be available to us, or that they will be available on terms acceptable to us. If additional retail store locations are unavailable on acceptable terms, we may not be able to carry out a significant part of our growth strategy or our new stores' profitability may be lower. Certain of our new store openings are expected to be smaller stores in smaller markets. We have limited experience executing this strategy, and we cannot guarantee that we will be successful in this strategy. Our future operating results and ability to grow will depend on various other factors, including our ability to: •successfully select new markets and store locations; •attract, train and retain highly qualified managers and staff; •maintain our reputation of providing quality, safe and compliant products; and •manage store opening costs, including rising construction costs and costs due to delays in obtaining necessary permits and completing construction. In addition, Stores-stores opened in new markets may have had, and many continue to have, higher construction, occupancy or-and operating costs than stores opened in the past, or-and such stores may have lower profitability net sales, than stores opened in the past. In addition, laws or regulations in these new markets may make opening new stores more difficult or cause unexpected delays. The completion date For example, we have experienced unexpected delays in opening new stores due to delays in obtaining necessary construction and occupancy permits, which have resulted in higher costs than previously anticipated. As we continue to open new stores, the ultimate cost of future store openings could differ-continue to rise significantly due to construction-related or other reasons, including construction and other delays and cost overruns, such as shortages of materials, shortages of skilled labor or work stoppages, unforeseen construction, scheduling, engineering, environmental or geological problems, governmental or permitting delays, weather interference, fires or other casualty losses and unanticipated cost increases. We cannot guarantee that any project will be completed on time, and delays in store openings could have had, and may continue to have, a negative impact on our business and operating results. In addition, consumers in new markets may be less familiar with our brand, and we may need to increase brand awareness in such markets through additional investments in advertising or high cost locations with more prominent visibility. As a result of these factors and other factors that may be outside of our control, Newly-newly opened stores may not succeed or may reach profitability at all, or may be slower to reach profitability than we expect, and the ramp-up to profitability may become longer in the future as we enter more markets. Future markets and newly opened stores may not be successful and, even if they are successful, our comparable store sales may not increase at historical rates or may decrease. To the extent that we are not able to overcome these various challenges, our operating results and future growth opportunities could be adversely affected. Furthermore, we may incur costs associated with the closure of underperforming stores, and such store closures may adversely impact our revenues. If we are unable to enter into leases for additional stores on acceptable terms or renew or replace our current store leases, or if one or more of our current leases is terminated prior to expiration of its stated term and we cannot find suitable alternate locations, our growth and profitability could be adversely affected. We currently lease the majority of our store locations and our store support center. Our growth strategy largely depends on our ability to identify and open future store locations, which can be difficult because our warehouse-format stores in major metropolitan markets generally require at least 60,000 square feet of floor space. Our ability to negotiate acceptable lease terms for these store locations, to re-negotiate acceptable terms on expiring leases or to negotiate acceptable terms for suitable alternate locations depends on conditions in the real estate market, competition for desirable properties, our relationships with current and prospective landlords, and on other factors that are not within our control. We also intend to purchase the real property for a small number of new locations, and such strategy may not be successful. Any or all of these factors and conditions could adversely affect our growth and profitability. Any failure by us to successfully anticipate trends may lead to loss of consumer acceptance of our products, resulting in reduced net sales. Each of our stores is stocked with a localized product mix based on consumer demands in a particular market. Our success depends on our ability to anticipate and respond to changing trends and consumer demands in these markets in a timely manner. Our ability to accurately forecast demand for our products could be affected by many factors. If we fail to identify and respond to emerging trends, consumer acceptance of our merchandise and our image with current or potential customers may be harmed, which could reduce our net sales. Additionally, if we misjudge market trends, we may significantly overstock unpopular products, incur excess inventory costs and be forced to reduce the sales price of such products or incur inventory write-downs, which would adversely affect our operating results. Conversely, shortages of products that prove popular could also reduce our net sales through missed sales and a loss of customer loyalty. Increased competition could cause price declines, decrease demand for our products and decrease our market share. We operate in the hard surface flooring industry, which is highly fragmented and competitive. We face competition from large home improvement centers, national and regional specialty flooring chains, independent flooring retailers, and internet-based companies and independent flooring retailers. Among other things, we compete on the basis of breadth of product assortment, low prices, in-store availability of project-job-ready-lot quantities, as well as the quality of our products and customer service. As we expand into new and unfamiliar markets, we may experience different competitive conditions than in the past. Some of our competitors are

organizations that are larger, are better capitalized, have existed longer, have product offerings that extend beyond hard surface flooring and related accessories and have a more established market presence with substantially greater financial, marketing, delivery, customer loyalty, personnel and other resources than we have. ~~In addition, while the hard surface flooring category has a relatively low threat of new internet-only entrants due to the nature of the product, the growth opportunities presented by e-commerce could outweigh these challenges and result in increased competition.~~ Competitors may forecast market developments more accurately than we do, offer similar products at a lower cost, have better delivery offerings, or adapt more quickly to new trends and technologies or evolving customer requirements than we do. Further, because the barriers to entry into the hard surface flooring industry are relatively low, manufacturers and suppliers of flooring and related products, including those whose products we currently sell, could enter the market and start directly competing with us. Intense competitive pressures from any of our present or future competitors could cause price declines, decrease demand for our products and decrease our market share. Also, if we continue to grow and become more well-known, other companies may change their strategies to present new competitive challenges. ~~Moreover, in the future, changes in consumer preferences may cause hard surface flooring to become less popular than other types of floor coverings. Such a change in consumer preferences could lead to decreased demand for our products.~~ All of these factors may harm us and adversely affect our net sales, market share, and operating results. **Our operating results may be adversely affected if we do not successfully manage our inventory. We currently maintain a high level of inventory in order to have a broad assortment of products across a wide variety of hard surface flooring categories in job-lot quantities, with inventory per warehouse-format store consisting of on average approximately 4,500 SKUs and approximately \$3.0 million of inventory at cost as of December 28, 2023. We also carry an additional \$507.8 million of inventory outside our stores, primarily at our distribution centers, as of the end of fiscal 2023. The investment associated with this high level of inventory is substantial, and as we continue to broaden our supplier base we increase the number of SKUs and investments associated with inventory. If we fail to adequately project the amount or mix of our inventory, we may miss sales opportunities or have to take unanticipated markdowns or hold additional clearance events to dispose of excess inventory, which will adversely affect our operating results. In the past, we have incurred costs associated with inventory markdowns and obsolescence. Due to the likelihood that we will continue to incur such costs in the future, we generally include an allowance for such costs in our projections. However, the costs that we actually incur may be substantially higher than our estimate and adversely affect our operating results. Any disruption in our distribution capabilities, supply chain or our related planning and control processes may adversely affect our business, financial condition, and operating results. Our success is highly dependent on our planning and distribution infrastructure, which includes the ordering, transportation, and distribution of products to our stores and the ability of suppliers to meet distribution requirements. We need to continue to identify and improve our processes and supply chain and that our distribution infrastructure and supply chain keep pace with our anticipated growth and increased number of stores. The cost of these enhanced processes could be significant and any failure to maintain, grow, or improve them could adversely affect our business, financial condition, and operating results. Due to our rapid expansion, we continue to add distribution centers as needed to support our operations. Increasing the size of our distribution centers and adding additional distribution centers may decrease the efficiency of our distribution costs. If we are not able to manage our distribution centers successfully, it could adversely affect our business, financial condition, and operating results. As we continue to add distribution centers, we may incur unexpected costs, and our ability to distribute our products may be adversely affected. Any disruption in the transition to and from or operation of our distribution centers could have an adverse impact on our business, financial condition, and operating results. A disruption within our logistics or supply chain network could adversely affect our ability to deliver inventory in a timely manner, which could impair our ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to our reputation. In recent years, global ports, trade lanes, and U.S. ports have been impacted by capacity constraints, port congestion and delays, periodic labor disputes, security issues, weather-related events, and natural disasters. Disruptions to our supply chain due to any of the factors listed above could negatively impact our financial performance or financial condition. In addition, our success is also dependent on our ability to provide timely delivery to our customers. Our business could also be adversely affected if fuel prices increase or there are delays in product shipments due to freight difficulties, inclement weather, strikes by our associates or associates of third parties involved in our supply chain, or other difficulties. If we are unable to deliver products to our customers on a timely basis, they may decide to purchase products from our competitors instead of from us, which would adversely affect our business, financial condition, and operating results. Our operating results may be adversely affected by increases in wholesale prices of products, material materials, energy and transportation costs beyond our control, including increases in costs due to inflation. Our operating results may be affected by the wholesale prices of hard surface flooring products, setting and installation materials, and the related accessories that we sell. These prices may increase based on a number of factors beyond our control, including the price of raw materials used in the manufacture of hard surface flooring, transportation costs, energy costs, changes in supply and demand, concerns about inflation, general economic conditions, labor costs, competition, import duties, tariffs, currency exchange rates, government regulation, the impact of natural disasters (including those due to the effects of climate change), duty and other import costs. In particular, energy costs have increased dramatically in the past and may fluctuate in the future. These increases may result in an increase in our transportation and supply chain costs for distribution from the manufacturer to our distribution centers and from our distribution centers to our retail stores, utility costs for our distribution centers and retail stores, manufacturing of our products, and overall costs to purchase products from our suppliers. A material component of the cost of our product includes transportation costs to move the product from the manufacturer to our stores, and there have been recent capacity constraints. These costs could increase and have a material impact on inventory and cost of sales. Recently, there has been a substantial rise in international container and, to a lesser extent, domestic trucking costs, and if**

we are not able to raise retail prices, it could have a negative impact on our cost of sales. We may not be able to adjust the prices of our products, especially in the short-term, to recover these cost increases, and a continual rise in such costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could adversely affect our business, financial condition, and operating results. Our future success is dependent on our ability to execute our business strategy effectively and deliver value to our customers. We believe our future success will depend **depends on substantially upon the continued retention of our ability to key personnel, including our executive officers** execute our business strategy effectively and deliver value to our customers. We believe that our breadth of product assortment across **success has depended and continues to depend to a significant extent on the efforts** variety of hard surface flooring categories, low prices, and **abilities** in-store availability of **our key personnel** project-ready quantities, **including our executive officers, and the loss of the services of one or more of our executive officers could have a material adverse effect on us and would be potentially disruptive to our business until such time as well a suitable replacement is hired.** For example, in August 2023, Brian Robbins, who initially joined the Company in 2013 and served **as our Executive Vice President, Business Development Strategy since 2018, indicated his intent to leave the company effective March 1, 2024.** In addition, effective as of **November 2022, we promoted Trevor Lang, previously our Executive Vice President and Chief Financial Officer, as our new President, and Bryan Langley, previously our Senior Vice President, Finance, as our new Executive Vice President and Chief Financial Officer.** Although **the these transitions have been smooth** quality of our products and customer service, are among the **any future changes to our** key competitive advantages and important elements of **personnel, including our executive officers, our** or total value proposition. If we are unsuccessful in staying competitive with our **failure to engage in effective succession planning** current value proposition, the demand for our products would decrease, and customers may decide **be disruptive** to purchase products **our business, including by distracting management** from our competitors instead of us **core business and effective employee productivity**. If this were **further, we may have difficulty identifying, attracting and integrating new executives to replace any losses of our existing executive officers, all of which could adversely affect our business** net sales, market share **financial condition**, and operating results would be adversely affected. Our operating results may be adversely affected if we are not successful in managing our inventory. We currently maintain a high level of inventory in order to have a broad assortment of products across a wide variety of hard surface flooring categories in project-ready quantities, with inventory per warehouse-format store consisting of on average approximately 4,400 SKUs and approximately \$ 3.3 million of inventory at cost as of December 29, 2022. We also carry an additional \$ 709.7 million of inventory outside our stores, primarily at our distribution centers, as of the end of fiscal 2022. The investment associated with this high level of inventory is substantial, and efficient inventory management is a key component of our business success and profitability. If we fail to adequately project the amount or mix of our inventory, we may miss sales opportunities or have to take unanticipated markdowns or hold additional clearance events to dispose of excess inventory, which will adversely affect our operating results. In the past, we have incurred costs associated with inventory markdowns and obsolescence. Due to the likelihood that we will continue to incur such costs in the future, we generally include an allowance for such costs in our projections. However, the costs that we actually incur may be substantially higher than our estimate and adversely affect our operating results. If we are unable to enter into leases for additional stores on acceptable terms or renew or replace our current store leases, or if one or more of our current leases is terminated prior to expiration of its stated term, and we cannot find suitable alternate locations, our growth and profitability could be adversely affected. We currently lease the majority of our store locations and our store support center. Our growth strategy largely depends on our ability to identify and open future store locations, which can be difficult because our warehouse-format stores in major metropolitan markets generally require at least 60,000 square feet of floor space. Our ability to negotiate acceptable lease terms for these store locations, to re-negotiate acceptable terms on expiring leases or to negotiate acceptable terms for suitable alternate locations could depend on conditions in the real estate market, competition for desirable properties, our relationships with current and prospective landlords, or on other factors that are not within our control. We also intend to purchase the real property for a small number of new locations, and such strategy may not be successful. Any or all of these factors and conditions could adversely affect our growth and **profitability**. Our success depends upon our ability to attract, hire, train, and retain highly qualified managers and staff. Our success depends in part on our ability to attract, hire, train and retain qualified managers and staff. Purchasing hard surface flooring is an infrequent event for consumers, and the typical consumer in these groups has limited knowledge of the range, characteristics and suitability of the products available before starting the purchasing process. Therefore, consumers in the hard surface flooring market expect to have sales associates serving them who are knowledgeable about the entire assortment of products offered by the retailer and the process of choosing and installing hard surface flooring. Each of our stores is managed by a store manager who has the flexibility (with the support of regional managers) to use his or her knowledge of local market dynamics to customize each store in a way that is most likely to increase net sales and profitability. Our store managers are also expected to anticipate, gauge and quickly respond to changing consumer demands in these markets. Further, it generally takes a substantial amount of time for our store managers to develop the entrepreneurial skills that we expect them to have in order to make our stores successful. **There is an increased level of competition for qualified regional managers, store managers and sales associates among home improvement and flooring retailers in local markets, and as a result, we may not succeed in attracting and retaining the personnel we require to conduct our current operations and support our plans for expansion.** In addition, we compete with other retail businesses for many of our associates in hourly positions, and we invest significant resources in training and motivating them to maintain a high level of job satisfaction. These positions have historically had high turnover rates, which can lead to increased training and retention costs, particularly in a tight labor market. If our recruiting and retention efforts are not successful, we may have or continue to have a shortage of qualified associates in future periods. Any such shortage would decrease our ability to effectively serve our customers. Such a shortage would also likely lead to higher wages for associates and a corresponding reduction in our operating results. In addition, as we expand into new markets, we may find it

more difficult to hire, develop, and retain qualified associates and may experience increased labor costs. Any failure by us to attract, hire, train, and retain highly qualified managers and staff could adversely affect our operating results and future growth opportunities, and any increased labor costs due to competition, increased minimum wage (including various federal, state, and local actions to increase minimum wages), associate benefit costs, unionization activity, or other factors would adversely impact our operating expenses. Our success depends substantially on our ability to attract, hire, train, and retain highly qualified managers and staff. **Labor activities could cause labor relations difficulties for us. Currently none of our associates are represented by a union; however, our associates have the right at any time to form or affiliate with a union, and in 2023, certain of our subsidiary's associates attempted to form a union in a small location operated by that subsidiary. Although such unionization attempt was unsuccessful, as we continue to grow, enter different regions and operate distribution centers, unions may continue to attempt to organize all or part of our associate base at certain stores or distribution centers within certain regions. We cannot predict the adverse effects that any future organizational activities will have on us. If we were to become subject to work stoppages, we could experience disruption in our operations and increases in our labor costs, either of which could adversely affect our business, financial condition, and operating results. We procure the majority of our products from suppliers located outside of the United States, and as a result, we are subject to risks associated with obtaining products from abroad that could adversely affect our business, financial condition and results of operations. We procure the majority of our products from suppliers located outside of the United States. As a result, we are subject to risks associated with obtaining products from abroad, including the imposition of new or different duties (including antidumping and countervailing duties), tariffs, taxes and / or other charges on exports or imports, including as a result of errors in the classification of products upon entry the continued retention of our- or changes in key personnel, including our executive officers. We believe that our success has depended and continues to depend to a significant extent on the efforts and abilities of our key personnel, including our executive officers. Our failure to retain members of that team could impede our ability to build on the efforts they- the interpretation have undertaken with respect to our- or application business. The effects of weather conditions, natural disasters rates or regulations relating to the import or export of or our products; political unrest, acts of war, terrorism and economic instability resulting in other-- the unexpected events, including global disruption of trade from foreign countries where our products originate; disruption due to the public health crises ; currency exchange fluctuations; the imposition of new or more stringent laws and regulations , including those relating to environmental, health and safety matters and climate change issues, labor conditions, quality and safety standards, trade restrictions, and restrictions on funds transfers; the risk that one or more of our suppliers will not adhere to applicable legal requirements, including fair labor standards, the prohibition on child labor, environmental, product safety or manufacturing safety standards, anti-bribery and anti- kickback laws such as the COVID-19 pandemic, may disrupt our operations Foreign Corrupt Practices Act (the "FCPA ") and sourcing laws have a negative impact on our business. The effects of global climate change, such as extreme weather conditions and natural disasters occurring more frequently or with more intense effects, or the occurrence Lacey Act; disruptions or delays in production, shipments, delivery or processing through ports of unexpected events entry (including wildfires those resulting from strikes , tornadoes lockouts , hurricanes work- stoppages or slowdowns , or earthquakes, floods, tsunamis and other severe hazards forms of labor unrest). Additionally, approximately 25 % of the products we sold in fiscal 2023 were produced in China. The Chinese government has in the past imposed restrictions on manufacturing facilities, including a shut- down of transportation of materials and power plants to reduce air pollution. If, in the future, restrictions are imposed that include our operations, our suppliers' ability to supply current or new orders would be significantly impacted. In addition, China has been impacted by COVID-19, which, along with other public health crises, could impact our ability to obtain products in a timely manner. These and other factors beyond our control could disrupt the ability of our suppliers to ship certain products to us cost- effectively or at all, expose us to significant operational and legal risk and negatively affect our reputation, any of which could adversely affect our business, financial condition , and results of operations and cash flows. Extreme weather,..... 1A of this Form 10- K . Rising geopolitical tensions and U. S. policies related to global trade and tariffs, including with respect to antidumping and countervailing duties, could adversely affect our business, financial condition and results of operations. The current domestic and international political environment, including existing and potential changes to U. S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. In particular, the ongoing trade dispute between the U. S. and China has resulted in the U. S. imposing tariffs of 25 % on the vast majority of the products we import from China. Approximately 29-25 % of the products we sold in fiscal 2022-2023 were produced in China. Any further expansion in the types or levels of tariffs implemented on China or other countries has the potential to negatively impact our business, financial condition and results of operations. Additionally, there is a risk that the U. S. tariffs on imports are met with tariffs on U. S. produced exports and that a further trade conflict could ensue, which has the potential to significantly impact global trade and economic conditions, including the imposition of new measures with little notice. Potential costs and any attendant impact on pricing arising from these tariffs and any further expansion in the types or levels of tariffs implemented could require us to modify our current business practices and could adversely affect our business, financial condition, and results of operations. In addition, the U. S. government has imposed import restrictions under the withhold release orders for goods from the Xinjiang Uyghur Autonomous Region and under the Uyghur Forced Labor Prevention Act, which effectively prohibits imports of any goods made either wholly or in part in Xinjiang, which may induce greater supply chain compliance costs and delays to us and to our suppliers. The law prohibits " the importation of goods made with forced labor " unless U. S. Customs and Border Protection determines, based on " clear and convincing evidence " , that the goods in question were not produced " wholly or in part by forced labor " and submits a report to the U. S. Congress setting out its findings. While we do not believe that our suppliers source materials from Xinjiang for the products they sell to us, any certain of our products, including luxury vinyl plank, have been subject to detentions and inquires. While such detentions and inquiries have not had a material impact on our business as of December 28, 2023, continued detentions,**

withhold release orders or, ~~inquires inquiries~~, other companies' attempts to shift suppliers in response to this law, or other policy developments could result in shortages, delays, and / or price increases that could disrupt our own supply chain or cause our suppliers to renegotiate existing arrangements with us or fail to perform on such obligations. ~~Broader policy uncertainty could also reduce Chinese luxury vinyl plank production, affecting supplies and / or prices for luxury vinyl plank, regardless of supplier.~~ While we have developed multiple supply sources in a variety of countries and believe our vendor compliance program reflects our commitment to a supply chain free of forced labor, we could still be adversely affected by increases in our costs, negative publicity related to the industry, or other adverse consequences to our business. Rising geopolitical tensions also could adversely affect our business, financial condition, and results of operations. In particular, in recent years, tensions between mainland China and Taiwan have further escalated, with China accelerating the development of military capabilities in order to "reunite Taiwan by force." In case of a military conflict between China and Taiwan, our ability to import products from China could be limited. Similarly, the ongoing war between Russia and Ukraine could escalate and impact our ability to import products from Europe, including due to further increases in energy costs, **and attacks on shipping in the Red Sea could increase our supply chain costs.** Our net sales growth could be adversely affected if comparable store sales **have become negative, and in the future our comparable store growth is may be** less than we expect, **which has had and may continue to have a negative impact on our net sales, business, financial condition, and operating results.** Our comparable store sales decreased 7.1% for the fiscal year ended December 28, 2023 compared to an increase of 9.2% for the fiscal year ended December 29, 2022, primarily due to decreased consumer demand for the products we sell. **This decrease in comparable store sales has had a negative impact on our net sales for the fiscal year ended December 28, 2023, and** ~~while~~ **while** future net sales growth will depend substantially on our plans for new store openings, our comparable store sales growth is a significant driver of our net sales, profitability, cash flow, and overall business results. Because numerous factors affect our comparable store sales growth, including, among others, economic conditions, the retail sales environment, the home improvement spending environment, housing turnover, housing appreciation, interest rates, inflation, the hard surface flooring industry and the impact of competition, the ability of our customers to obtain credit, changes in our product mix, the in-stock availability of products that are in demand, changes in staffing at our stores, cannibalization resulting from the opening of new stores in existing markets, lower than expected ramp-up in new store net sales, changes in advertising and other operating costs, weather conditions, retail trends, and our overall ability to execute our business strategy and planned growth effectively, it is possible that we will not achieve our targeted comparable store sales growth or that the change in comparable store sales could **continue to** be negative. If this **trend continues** were to happen, it is likely that overall net sales growth would be adversely affected, **which could have** a **negative impact** on our business. If we fail to identify and maintain relationships with a **negative impact** sufficient number of suppliers, our ability to obtain products that meet our high quality standards at attractive prices could be adversely affected. We purchase flooring and other products directly from suppliers located around the world. We do not have long-term contractual supply agreements with our suppliers that obligate them to supply us with products exclusively or at specified quantities or prices. As a result, our current suppliers may decide to sell products to our competitors and may not continue selling products to us. In order to retain the competitive advantage that we believe results from these relationships, we need to continue to identify, develop and maintain relationships with qualified suppliers that can satisfy our high standards for quality and safety and our requirements for delivery of flooring and other products in a timely and efficient manner at attractive prices. The need to develop new relationships will be particularly important as we seek to expand our operations and enhance our product offerings in the future. The loss of one **on or our business** more of our existing suppliers or our inability to develop relationships with new suppliers could reduce our competitiveness, **financial condition,** slow our plans for further expansion and cause our net sales and operating results to be adversely affected. We depend on a number of suppliers, and any failure by any of them to supply us with quality products on attractive terms and prices may adversely affect our business, financial condition, and operating results. We depend on our suppliers to deliver quality products to us on a timely basis at attractive prices. Additionally, we source the products that we sell from over 240 domestic and international suppliers. Although we purchase from a diverse supplier base, purchases from our largest supplier, which is headquartered **has substantial operations** in China, accounted for approximately ~~16-13%~~ **13%** of our net sales in fiscal ~~2022-2023~~ **2023**. No other singular vendor supplied products representing more than ~~5-10%~~ **10%** of net sales in fiscal ~~2022-2023~~ **2023**. If we are unable to acquire desired merchandise in sufficient quantities on terms acceptable to us, or if we experience a change in business relationship with any of our major suppliers, it could impair our relationship with our customers, impair our ability to attract new customers, reduce our competitiveness, and adversely affect our business, financial condition, and operating results. Additionally, we provide certain of our suppliers access to supply chain financing arrangements with financial institutions with whom we have relationships. The terms of such supply chain financing arrangements could be modified or canceled by such financial institutions at any time. If such programs are modified or cancelled, our suppliers may not be able to obtain alternate financing at all or on acceptable terms. If our suppliers ~~or other participants in our supply chain~~ experience difficulty obtaining financing **in the capital and credit markets to purchase raw materials or to finance capital equipment and other general working capital needs,** it may result in delays or non-delivery of shipments of our products or require us to pay our suppliers more quickly, which would have a negative impact on our **liquidity cash balances.** The failure of our suppliers to adhere to the quality standards that we set for our products could lead to investigations, litigation, write-offs, recalls or boycotts of our products, which could damage our reputation and our brand, increase our costs, and otherwise adversely affect our business. We do not control the operations of our suppliers. Although we conduct initial due diligence prior to engaging our suppliers and require our suppliers to certify compliance with applicable laws and regulations, we cannot guarantee that our suppliers will comply with applicable laws and regulations or operate in a legal, ethical and responsible manner. ~~Additionally, it is possible that we may not be able to identify noncompliance by our suppliers notwithstanding these precautionary measures.~~ Violation of applicable laws and regulations by our suppliers or their failure to operate in a legal, ethical or responsible manner, could expose us to legal risks, cause us to violate laws and regulations and

reduce demand for our products if, as a result of such violation or failure, we attract negative publicity. In addition, the failure of our suppliers to adhere to the quality standards that we set for our products could lead to government investigations, litigation, write-offs and recalls, which could damage our reputation and our brand, increase our costs, and otherwise adversely affect our business. **We procure the majority of our....., financial condition and results of operations**. Our ability to offer compelling products, particularly products made of more exotic species or unique stone, depends on the continued availability of sufficient suitable natural products. Our business strategy depends on offering a wide assortment of compelling products to our customers. We sell, among other things, flooring made from various wood species and natural stone from quarries throughout the world. Our ability to obtain an adequate volume and quality of hard- to- find products depends on our suppliers' ability to furnish those products, which, in turn, could be affected by many things, including events such as forest fires, insect infestation, tree diseases, prolonged drought, other adverse weather and climate conditions and the exhaustion of stone quarries. Government regulations relating to forest management practices also affect our suppliers' ability to harvest or export timber and other products, and changes to regulations and forest management policies, or the implementation of new laws or regulations, could impede their ability to do so. If our suppliers cannot deliver sufficient products, and we cannot find replacement suppliers, our net sales and operating results may be adversely affected. **The effects** Our operating results may be adversely affected by inventory shrinkage and damage. We are subject to the risk of **weather conditions** inventory shrinkage and damage, including the damage or destruction of our inventory by natural disasters, organized retail theft or other **unexpected events** causes. We have experienced charges in the past, **including public health crises** and we cannot assure you that the measures we are taking will effectively address the problem of inventory shrinkage and damage in the future. Organized retail theft is also increasing, and our efforts to address it may **disrupt** not be successful. Although some level of inventory shrinkage and damage is an unavoidable cost of doing business, we could experience higher- than- normal rates of inventory shrinkage and damage or **our** incur increased security and other costs to combat inventory theft and damage. If we are not successful in managing our inventory balances, our operating **operations** results may be adversely affected. If the use of "cookie" tracking technologies is further restricted, the amount of internet user information we collect would decrease, which could require additional marketing efforts and harm our business and operating results. Cookies are small data files that are sent by websites and stored locally on an **and** internet user's computer or mobile device. We, and third parties who work on our behalf, collect data via cookies that is used to track the behavior of visitors to our sites, to provide a more personal and interactive experience, and to increase the effectiveness of our marketing. Privacy regulations and policies by device operating systems, such as iOS or Android, are increasingly restricting how we deploy our cookies, and this could potentially increase the number of internet users that choose to proactively disable cookies on their systems. In addition, companies such as Google have publicly disclosed their intention to move away from cookies, which would have a negative impact on our ability to find the same anonymous user across different web properties, and would require us to increase our direct customer data capture efforts. If we are not successful, our marketing efforts may be limited, and our business, results. **The effects** of operations **global climate change, such as extreme weather conditions and natural disasters occurring more frequently or with more intense effects, or the occurrence of unexpected events including wildfires, tornadoes, hurricanes, earthquakes, floods, tsunamis and other severe hazards could adversely affect our business, financial condition, results of operations and cash flows. Extreme weather, natural disasters, power outages or other unexpected events** could and cash flows. Extreme weather, natural disasters, power outages or other unexpected events could disrupt our operations by impacting the availability and cost of materials needed for manufacturing, causing physical damage and partial or complete closure of our manufacturing sites, **retail stores, store support center** or distribution centers, loss of human capital, temporary or long- term disruption in the manufacturing and supply of products and services and disruption in our ability to deliver products and services to customers. These events and disruptions could also adversely affect our customers' and suppliers' financial condition or ability to operate, resulting in reduced customer demand, delays in payments received or supply chain disruptions, **including adverse effects on our ability to stock our stores and deliver products to our customers**. Further, these events and disruptions could increase insurance and other operating costs, including impacting our decisions regarding construction of new facilities to select areas less prone to climate change risks and natural disasters, which could result in indirect financial risks passed through the supply chain or other price modifications to our products and services. **Additionally Public health crises in the U.S. or countries where we source or sell products could adversely affect our operations and financial performance. Further, any national, state or local government mandates or other orders taken to minimize the spread of a public health crisis could restrict our ability to conduct business as usual** we have experienced in recent years, as well as the **business activities of our key customers** COVID-19 pandemic created significant volatility, uncertainty and **suppliers** economic disruption, both **including the potential** for our business (and many of customers' and suppliers' businesses) and the U.S. and global economy more generally. It has also, both directly and indirectly, led to significant operating challenges, including disruptions to our and our suppliers' global supply chain and business operations, shortages of electronic and other parts and components, freight delays, increased labor shortages and logistical challenges. In response to **particular,** the challenges presented by **ultimate extent of the COVID-19 impact of any epidemic, pandemic, or other public health crisis on** our business practices, **financial condition** and may continue to be required **results of operations** will depend on future developments which are highly uncertain and cannot be predicted, **including new information that may emerge concerning the duration and severity of such public health crisis, actions taken to contain or prevent their further spread and the pace of global economic recovery following containment of the spread.** We will require significant capital to fund our expanding business and service our existing indebtedness, and such capital may not be available to us on satisfactory terms or at all. If we are unable to maintain sufficient levels of cash flow or if we are unable to meet our debt service obligations under our Credit Facilities, we may not meet our **growth expectations or we may require additional financing, which could adversely affect** We will require significant capital to fund our expanding business, which may not be available to us on satisfactory terms or at all. If we are unable to

maintain sufficient levels of cash flow or if we do not have sufficient availability under our asset-based revolving credit facility (as amended, the “ABL Facility”), we may not meet our growth expectations or we may require additional financing, which could adversely affect our financial health and impose covenants that limit our business activities. We plan to continue investing for growth, including opening new stores, remodeling existing stores, adding staff, adding distribution center capacity, ~~and~~ upgrading our information technology systems and other infrastructure, ~~and strategic acquisitions~~. These investments will require significant capital, which we plan on funding with cash flow from operations and borrowings under ~~our~~ **\$ 800.0 million asset based revolving credit facility (the “ABL Facility”).** If our business does not generate sufficient cash flow from operations to fund these activities or if these investments do not yield cash flows in line with past performance or our expectations, we may need additional equity or debt financing. If such financing is not available to us, or is not available on satisfactory terms, our ability to operate and expand our business or respond to competitive pressures would be curtailed, and we may need to delay, limit or eliminate planned store openings or operations or other elements of our growth strategy. If we raise additional capital by issuing equity securities or securities convertible into equity securities, our stockholders’ ownership would be diluted. ~~Further, our ability to pay interest on and principal of our debt obligations under our ABL Facility and our \$ 202.4 million senior secured term loan facility (as amended to date, the “Term Loan Facility” and together with the ABL Facility, our “Credit Facilities”) will primarily depend upon our future.~~ Our business exposes us to personal injury, product liability and warranty claims and related governmental investigations, which could result in negative publicity, harm our brand and adversely affect our business, financial condition, and operating results. Our stores and distribution centers are warehouse environments that involve the operation of forklifts and other machinery and the storage and movement of heavy merchandise, all of which are activities that have the inherent danger of injury or death to associates or customers despite safety precautions, training and compliance with federal, state and local health and safety regulations. While we have insurance coverage in place in addition to policies and procedures designed to minimize these risks, we may nonetheless be unable to avoid material liabilities for an injury or death arising out of these activities. In addition, we face an inherent risk of exposure to product liability or warranty claims or governmental investigations in the event that the use of our products is alleged to have resulted in economic loss, personal injury or property damage or violated environmental or other laws. If any of our products proves to be defective or otherwise in violation of applicable law, we may be required to recall such products and be subject to legal action. ~~We generally seek contractual indemnification from our suppliers. However, such contractual indemnification may not be enforceable against the supplier, particularly because many of our suppliers are located outside of the United States. Any personal injury, product liability or warranty claim made against us, whether or not it has merit, or governmental investigation related to our products, could be time-consuming and costly to defend or respond to, may not be covered by insurance carried by us, could result in negative publicity, could harm our brand and could adversely affect our business, financial condition, and operating results. In addition, any negative publicity involving our suppliers, associates, and other parties who are not within our control could adversely affect us.~~ In connection with the installation or delivery of our products, customers may engage third parties associated with us to enter their homes. In addition, we are piloting in-home design services. While we believe we have appropriate indemnification and risk management practices in place, such activities involve liability and reputational risk, which could adversely affect us. Unfavorable allegations, government investigations and legal actions surrounding our products and us could harm our reputation, impair our ability to grow or sustain our business, and adversely affect our business, financial condition, and operating results. We rely on our reputation for offering great value, superior service and a broad assortment of high-quality, safe products. If we become subject to unfavorable allegations, government investigations or legal actions involving our products or us, such circumstances could harm our reputation and our brand and adversely affect our business, financial condition, and operating results. If this negative impact is significant, our ability to grow or sustain our business could be jeopardized. ~~For instance, we have previously settled claims related to unfavorable allegations surrounding the product quality of our laminates sourced from China. Although such claims have been resolved, we cannot predict whether we will face additional lawsuits that are not covered by the settlement or the release. If additional lawsuits are filed, we could incur significant costs, be liable to damages, be subject to fines, penalties, injunctive relief, criminal charges or other legal risks, which could reduce demand for our products and adversely affect our business, financial condition, and operating results.~~ Negative publicity surrounding product matters, including publicity about other retailers, may harm our reputation and affect the demand for our products. In addition, if more stringent laws or regulations are adopted in the future, we may have difficulty complying with the new requirements imposed by such laws and regulations, and in turn, our business, financial condition, and operating results could be adversely affected. Moreover, regardless of whether any such changes are adopted, we may become subject to claims or governmental investigations alleging violations of applicable laws and regulations. Any such matter may subject us to fines, penalties, injunctions, litigation and / or potential criminal violations. Any one of these results could negatively affect our business, financial condition, and operating results and impair our ability to grow or sustain our business. If we violate or are alleged to have violated environmental, health and safety laws and regulations, we could incur significant costs and other negative effects that could reduce demand for our products and adversely affect our business, financial condition, and operating results. Certain portions of our operations are subject to laws and regulations governing the environmental protection of natural resources and health and safety, including formaldehyde emissions and the use, storage, ~~handling,~~ generation, transportation, treatment, emission, release, ~~discharge~~ and disposal of certain hazardous materials and wastes. ~~In addition, certain of our products are subject to laws and regulations relating to the importation, exportation, acquisition or sale of certain plants and plant products, including those that have been illegally harvested, and the emissions of hazardous materials.~~ We operate our business in accordance with standards and procedures designed to comply with the applicable laws and regulations in these areas and work closely with our suppliers in order to comply with such laws and regulations. If we violate or are alleged to have violated these laws, we could incur significant costs, be liable for damages, experience delays in shipments of our products, be subject to fines, penalties, criminal charges or other legal risks, or suffer reputational harm, any of which could reduce demand

for our products and adversely affect our business, financial condition, and operating results. ~~In addition, there can be no assurance that such laws or regulations will not become more stringent in the future or that we will not incur additional costs in the future in order to comply with such laws or regulations.~~ We, and our officers and directors and stockholders, have been and may be the target of securities- related litigation in the future, which could divert our management' s attention and resources, result in substantial costs, and have an adverse effect on our business, results of operations, financial condition and stock price. We have been and may in the future be the target of securities- related litigation in the future. Litigation can divert our management' s attention and resources, result in substantial costs, and have an adverse effect on our business, results of operations, financial condition and stock price. We maintain director and officer insurance to mitigate the risks associated with potential claims; however, we are responsible for meeting certain deductibles under such policies, and, in any event, we cannot assure you that the insurance coverage will adequately protect us from all claims made against us. ~~Further, as a result of the litigation, the costs of insurance may increase, and the availability of coverage may decrease. As a result, we may not be able to maintain our current levels of insurance at a reasonable cost, or at all, which might make it more difficult to attract qualified candidates to serve as executive officers or directors.~~ There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business and materially damage our reputation and the value of our brand despite the fact that we deny the allegations or are ultimately found not liable. Federal, state or local laws and regulations, or our failure to comply with such laws and regulations, could increase our expenses, restrict our ability to conduct our business and expose us to legal risks. We are subject to a wide range of general and industry- specific laws and regulations imposed by federal, state and local authorities in the countries in which we operate including those related to customs, foreign operations (such as the FCPA), truth- in- advertising, consumer protection (such as the California Consumer Privacy Act and Telephone Consumer Protection Act), privacy, product safety (such as the Formaldehyde Standards in Composite Wood Products Act), the environment (such as the Lacey Act), import and export controls (such as the Uyghur Forced Labor Prevention Act), intellectual property infringement, zoning and occupancy matters as well as the operation of retail stores and distribution facilities. In addition, various federal and state laws govern our relationship with, and other matters pertaining to, our associates, including wage and hour laws, laws governing independent contractor classifications, requirements to provide meal and rest periods or other benefits, family leave mandates, requirements regarding working conditions and accommodations to certain associates, citizenship or work authorization and related requirements, insurance and workers' compensation rules and anti- discrimination laws. In recent years, we and other parties in the flooring industry have been or currently are parties to litigation involving claims that allege violations of ~~the these foregoing~~ laws, including claims related to product safety and patent claims. In addition, there has been an increase in the number of wage and hour class action claims that allege misclassification of overtime eligible workers and / or failure to pay overtime- eligible workers for all hours worked, particularly in the retail industry, and we are currently defending one such claim. Although we believe that we have complied with these laws and regulations, there is nevertheless a risk that we will become subject to additional claims that allege we have failed to do so. Any claim that alleges a failure by us to comply with any of ~~the these foregoing~~ laws and regulations may subject us to fines, penalties, injunctions, litigation and / or potential criminal violations, which could adversely affect our reputation, business, financial condition, and operating results. Certain of our products may require us to spend significant time and resources in order to comply with applicable advertising, labeling, importation, exportation, environmental, health and safety laws and regulations because if we violate these laws or regulations, we could experience delays in shipments of our goods, be subject to fines or penalties, be liable for costs and damages or suffer reputational harm, any of which could reduce demand for our merchandise and adversely affect our business, financial condition, and operating results. Any changes to ~~the these foregoing~~ laws or regulations or any new laws or regulations that are passed or go into effect may make it more difficult for us to operate our business and in turn adversely affect our operating results. ~~We may also be subject to audits by various taxing authorities. Similarly, changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition, and operating results. In addition, given the nature of our business, certain of our sales are exempt from state sales taxes. If we are audited and fail to maintain proper documentation, any adjustments resulting from such audits could increase our tax liability, including any interest or penalties. Labor activities could cause labor relations difficulties for us. Currently none of our associates are represented by a union; however, our associates have the right at any time to form or affiliate with a union. As we continue to grow, enter different regions and operate distribution centers, unions may attempt to organize all or part of our associate base at certain stores or distribution centers within certain regions. We cannot predict the adverse effects that any future organizational activities will have on our business, financial condition, and operating results. If we were to become subject to work stoppages, we could experience disruption in our operations and increases in our labor costs, either of which could adversely affect our business, financial condition, and operating results. If our efforts to protect the privacy and security of information related to our customers, us, our associates, our suppliers and other third parties are not successful, we could become subject to litigation, investigations, liability and negative publicity that could significantly harm our reputation and relationships with our customers and adversely affect our business, financial condition, and operating results. Our business, like that of most retailers, involves the receipt, storage and transmission of customers' personal information, consumer preferences and payment card data, as well as other confidential information related to us, our associates, our suppliers and other third parties, some of which is entrusted to third- party service providers and vendors that provide us with technology, systems and services that we use in connection with the receipt, storage and transmission of such information. Techniques used for cyber- attacks designed to gain unauthorized access to these types of sensitive information by breaching or sabotaging critical systems of large organizations, including those that use artificial intelligence, are constantly evolving and generally are difficult to recognize and react to effectively. We may be unable to anticipate these techniques or to implement adequate preventive or reactive security measures. Notwithstanding widespread recognition of the cyber- attack threat and improved data~~

protection methods, high **High** profile electronic security breaches leading to unauthorized release of sensitive information have occurred in recent years with increasing frequency at a number of major U. S. companies, including several large retailers, notwithstanding widespread recognition of the cyber- attack threat and improved data protection methods. Despite our security measures and those of third parties with whom we do business, ~~such as our banks, merchant card processing and other technology vendors,~~ our respective systems and facilities may be vulnerable to criminal cyber- attacks or security incidents due to malfeasance, intentional or inadvertent security breaches by associates, or other vulnerabilities such as defects in design or manufacture. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deception targeted at our customers, associates, suppliers and service providers. Any such, incidents could compromise our networks and the information stored there could be accessed, misused, publicly disclosed, lost or stolen. ~~As noted above, the techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often are not recognized until launched against a target; accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures. In addition, advances in computer capabilities, new technological discoveries or other developments may also compromise or result in the obsolescence of the technology used to protect sensitive information.~~ An actual or anticipated attack or security incident may cause us to incur additional costs, including costs related to diverting or deploying personnel, implementing preventative measures, training associates and engaging third- party experts and consultants. Further, any security breach incident could expose us to risks of data loss, regulatory and law enforcement investigations, litigation and liability and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation and relationships with our customers and adversely affect our business, financial condition, and operating results. A material disruption in our information systems, including our website ~~or call center,~~ could adversely affect our business or operating results and lead to reduced net sales and reputational damage. We rely on our information systems to process transactions, summarize our results of operations and manage our business. In particular, our website ~~is and~~ **an our call center are important parts- part** of our integrated connected customer strategy and customers use these systems as information sources on the range of products available to them and as a way to order our products. **In addition, we rely on our enterprise resource planning, telecommunications, inventory tracking, billing and other information systems to track transactions, billing, payments, inventory and a variety of day- to- day business decisions.** Therefore, the reliability and capacity of our information systems is critical to our operations and the implementation of our growth initiatives. However, our information systems are subject to damage or interruption from planned upgrades in technology interfaces, power outages, computer and telecommunications failures, computer viruses, cyber- attacks or other security breaches and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism and usage errors by our associates. If our information systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer losses of critical data and / or interruptions or delays in our operations. In addition, to keep pace with changing technology, we must continuously implement new information technology systems as well as enhance our existing systems, **including a significant upgrade planned to begin in 2024.** Moreover, the successful execution of some of our growth strategies, in particular the expansion of our connected customer and online capabilities, is dependent on the design and implementation of new systems and technologies and / or the enhancement of existing systems. **If we encounter implementation or usage problems with these new systems or other related systems and infrastructure, or if the systems do not operate as intended, do not give rise to anticipated benefits, or fail to integrate properly with our other systems or software platforms, then the costs of such new information technology systems may be more than we anticipate.** Any material disruption in our information systems, or delays or difficulties in implementing or integrating new systems or enhancing or expanding current systems, could have an adverse effect on our business ~~(in particular our call center and online operations)~~ and our operating results and could lead to reduced net sales and reputational damage. We may not be able to successfully maintain effective internal controls over financial reporting, which could have an adverse effect on our business and stock price. We are required to comply with the SEC' s rules implementing Sections 302 and 404 of the Sarbanes- Oxley Act, which require management to certify financial and other information in our quarterly and annual reports as well as our fiscal year- end assessment of the effectiveness of our internal control over financial reporting. ~~We have in the past identified and remediated a material weakness in our internal controls related to ineffective information technology general controls in the areas of user access and program change- management over certain information technology systems that support the Company' s financial reporting processes. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly. While the previously identified material weakness has been remediated, we may suffer from other material weaknesses in the future. To comply with the requirements of Sections 302 and 404, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management' s attention from other matters that are important to the operation of our business. In addition, when~~ **When** evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Sections 302 and 404. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected. This could subject us to litigation or investigations requiring management resources and payment of legal and other expenses and could result in negative publicity, harm to our reputation and adversely affect our business, financial condition, and operating results or adversely affect the market price of our common stock. **We will require significant capital to fund..... stockholders' ownership would be diluted.** Changes in tax laws, trade policies and regulations or in our operations and newly enacted laws or regulations may impact our effective tax rate or may adversely affect our business, financial condition, and operating results. Changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in

which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition, and operating results. Developments in tax policy or trade relations could **also** have a material adverse effect on our business, results of operations and liquidity. ~~If there are any adverse changes in tax laws or trade policies that result in an increase in our costs, we may not be able to adjust the prices of our products, especially in the short-term, to recover such costs, and a rise in such costs could adversely affect our business, financial condition, and operating results.~~ We are subject to payments-related risks that could increase our operating costs, expose us to fraud, subject us to potential liability and potentially disrupt our business. We accept payments using a variety of methods, including credit cards, debit cards, gift cards and physical bank checks. These payment options subject us to many compliance requirements, including, but not limited to, compliance with the Payment Card Industry Data Security Standards, which represents a common set of industry tools and measurements to help ensure the safe handling of sensitive information, and compliance with contracts with our third-party processors. These payment options also subject us to potential fraud by criminal elements seeking to discover and take advantage of security vulnerabilities that may exist in some of these payment systems. ~~For certain payment methods, including credit cards and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability.~~ We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards and gift cards, and it could disrupt or harm our business if these companies become unwilling or unable to provide these services to us, experience a data security incident or fail to comply with applicable rules and industry standards. We are also subject to payment card association operating rules, including data security rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems or payment card information of our customers are breached or compromised, there is the potential that parties could seek damages from us, we may be liable for card issuing banks' costs, subject to fines and higher transaction fees, and lose our ability to accept credit cards and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, we could lose the confidence of customers and our business, financial condition, and operating results could be adversely affected. ~~We may also need to expend significant management and financial resources to become or remain compliant with relevant standards and requirements, which could divert resources from other initiatives and adversely affect our business, financial condition, and operating results.~~ We are also in the process of transitioning our proprietary credit card program to a new third-party financial institution. Any disruption in such transition could adversely affect our business, financial condition, and operating results. Our facilities and systems, as well as those of our suppliers, are vulnerable to natural disasters and other unexpected events, and as a result we may lose merchandise and be unable to effectively deliver it to our stores. Our retail stores, store support center and distribution centers, as well as the operations of our suppliers from which we receive goods and services, are vulnerable to damage from earthquakes, tornadoes, hurricanes, fires, floods, and similar events. If any of these events result in damage to our facilities, systems or equipment, or those of our suppliers, they could adversely affect our ability to stock our stores and deliver products to our customers, and could adversely affect our net sales and operating results. In addition, we may incur costs in repairing any damage beyond our applicable insurance coverage. In particular, any disruption to any of our distribution centers could have a material adverse impact on our business. Our intellectual property rights are valuable, and any failure to protect them could reduce the value of our products and brand and harm our business. We regard our intellectual property as having significant value, and our brand is an important factor in the marketing of our products. However, we cannot assure you that the steps we take to protect our trademarks or intellectual property will be adequate to prevent others from copying or using our trademarks or intellectual property without authorization. ~~If our trademarks or intellectual property are copied or used without authorization, which could harm~~ the value of our brand, ~~its reputation, our competitive advantages and our goodwill could be harmed.~~ We may be involved in disputes from time to time relating to our intellectual property and the intellectual property of third parties. We are and may continue to become parties to disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these disputes. Third parties have and may raise future claims against us alleging infringement or violation of the intellectual property of such third-party. Even if we prevail in such disputes, the costs we incur in defending such dispute may be material and costly. Some third-party intellectual property rights may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid violating any such intellectual property rights. Any such intellectual property claim could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether such claim has merit. ~~The liability insurance we maintain may not adequately cover potential claims of this type, and we may be required to pay monetary damages or license fees to third parties, which could have a material adverse effect on our business, financial condition, and operating results.~~ We may, from time to time, consider or engage in strategic transactions. Any such strategic transactions would involve risks, which could have an adverse impact on our financial condition and results of operation, and we may not realize the anticipated benefits of these transactions. From time to time, we consider strategic transactions, including mergers, acquisitions, investments, alliances, and other growth and market expansion strategies, with the expectation that these transactions will result in increases in sales, cost savings, synergies and various other benefits. Assessing the viability and realizing the benefits of these transactions is subject to significant uncertainty. Additionally, in connection with evaluating potential strategic transactions and assets, we may incur significant expenses for the evaluation and due diligence investigation and negotiation of any potential transaction. **We** **Although we** have **limited** no prior experience acquiring companies and, **any future acquisitions** may not be successful. If we complete an acquisition, we would need to successfully integrate the target company's products, services, associates and systems into our business operations. **On June 4, 2021, we acquired Spartan Surfaces, Inc. ("Spartan"), a commercial flooring specifier, and we may acquire additional commercial flooring companies in the future. As with any acquisition, we need to successfully integrate Spartan's products, services, associates and systems into our business operations.** Integration can be a complex and time-consuming process, and if **the any such** integration is not fully successful or is delayed for a material period

of time, we may not achieve the anticipated synergies or benefits of the acquisition. Furthermore, even if a target company is successfully integrated, an acquisition may fail to further our business strategy as anticipated, expose us to increased competition or challenges with respect to our products or services, and expose us to additional liabilities. Any impairment of goodwill or other intangible assets acquired in a strategic transaction may reduce our earnings. ~~The effectiveness of our advertising strategy is a driver of our future success. We believe that our growth was in part a result of our successful investment in local advertising. As we enter new markets that often have more expensive advertising rates, we may need to increase our advertising expenses to broaden the reach and frequency of our advertising to increase the recognition of our brand. If our advertisements fail to draw customers in the future, or if the cost of advertising or other marketing materials increases significantly, we could experience declines in our net sales and operating results. We do not maintain “key person” life insurance policies on our key personnel. We do not have “key person” life insurance policies for any of our key personnel. If we were to obtain “key person” insurance for our key personnel, there can be no assurance that the amounts of such policies would be sufficient to pay losses experienced by us as a result of the loss of any of those personnel. We are a holding company with no business operations of our own and depend on cash flow from our subsidiaries to meet our obligations. We are a holding company with no business operations of our own or material assets other than the equity of our subsidiaries. All of our operations are conducted by our subsidiaries. As a holding company, we will require dividends and other payments from our subsidiaries to meet cash requirements. The terms of our \$ 800.0 million ABL Facility and our \$ 204.5 million senior secured term loan facility (as amended to date, the “Term Loan Facility” and together with the ABL Facility, our “Credit Facilities”), restrict our subsidiaries from paying dividends and otherwise transferring cash or other assets to us except in certain limited circumstances. If we become insolvent or there is a liquidation or other reorganization of any of our subsidiaries, our stockholders likely will have no right to proceed against their assets. Creditors of those subsidiaries will be entitled to payment in full from the sale or other disposal of the assets of those subsidiaries before we, as an equity holder, would be entitled to receive any distribution from that sale or disposal. If our subsidiaries are unable to pay dividends or make other payments to us when needed, we will be unable to satisfy our obligations. We face risks related to our indebtedness. As of December 29-28, 2022-2023, the principal amount of our total indebtedness was \$ 204-202, 5-4 million related to our indebtedness outstanding under the Term Loan Facility. In addition, as of December 29-28, 2022-2023, we had the ability to access \$ 556-718, 5-4 million of unused borrowings available under the ABL Facility without violating any covenants thereunder and had \$ 33-35, 3 million in outstanding letters of credit thereunder. Our indebtedness, combined with our lease and other financial obligations and contractual commitments, could adversely affect our business, financial condition, and operating results by:~~

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including restrictive covenants and borrowing conditions, which may lead to an event of default under the agreements governing our debt;
- ~~making us more vulnerable to adverse changes in general economic, industry and competitive conditions and government regulation;~~
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of cash flows to fund current operations and future growth;
- exposing us to the risk of increased interest rates as our borrowings under our Credit Facilities are at variable rates;
- restricting us from making strategic acquisitions ~~or causing us to make non-strategic divestitures;~~
- requiring us to comply with financial and operational covenants, restricting us, among other things, from placing liens on our assets, making investments, incurring debt, making payments to our equity or debt holders and engaging in transactions with affiliates;
- limiting our ability to borrow additional amounts for working capital, capital expenditures, ~~acquisitions,~~ debt service requirements, execution of our business and growth strategies or other purposes; and
- limiting our ability to obtain credit from our suppliers and other financing sources on acceptable terms or at all.

The credit agreements governing our Credit Facilities contain, and any future indebtedness would likely contain, a number of customary financial, operative and other restrictive covenants that impose significant operating and financial restrictions, including restrictions on our subsidiaries paying dividends and otherwise transferring cash or other assets to us except in certain limited circumstances, and other restrictions on our ability to engage in acts that may be in our best long-term interests. Such financial, operative and other restrictive covenants in our current debt agreements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

We may also incur substantial additional indebtedness in the future, subject to the restrictions contained in our Credit Facilities. If such new indebtedness is in an amount greater than our current debt levels, the related risks that we now face could intensify. However, we cannot give assurance that any such additional financing will be available to us on acceptable terms or at all. ~~Moreover, our deduction of business interest expenses for each taxable year is limited generally to 30% of our “adjusted taxable income” for the relevant taxable year. Starting with taxable years beginning after December 31, 2022, the addback of depreciation, depletion and amortization previously allowed in determining “adjusted taxable income” no longer applies due to an automatic change to Section 163(j) of the U. S. Internal Revenue Code of 1986, as amended, scheduled when the Tax Cuts and Jobs Act was enacted in 2017.~~ Our variable rate debt subjects us to interest rate risk that could cause our debt service obligations to increase significantly. The debt we incurred under our Credit Facilities are at variable rates of interest, which exposes us to interest rate risk. Reference rates used to determine the applicable interest rates for our variable rate debt began to rise significantly in the second half of fiscal 2022 **and into fiscal 2023**. If interest rates continue to increase, the debt service obligations on such indebtedness will continue to increase even if the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, as a result of our latest amendments to the Credit Facilities certain of the variable rate indebtedness extended to us uses the Secured Overnight Financing Rate (“SOFR”) as a benchmark for establishing the interest rate. While we believe we will continue to use SOFR, other factors may impact SOFR including factors causing SOFR to cease to exist, new methods of calculating SOFR to be established, or the use of an alternative reference rate (s). These consequences are not entirely predictable and could have an adverse impact on our financing costs, returns on investments, valuation of derivative contracts and our financial results. ~~Significant amounts of cash are required to service our~~

indebtedness, and any failure to meet our debt service obligations could adversely affect our business, financial condition, and operating results. Our ability to pay interest on and principal of our debt obligations will primarily depend upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments. If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling our assets, reducing or delaying capital investments, or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. From time to time, capital markets may experience periods of disruption and instability. For example, between 2008 and 2009, the global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U. S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole. While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting longer than others. There can be no assurance these market conditions will not continue or worsen in the future. Any refinancing of our debt could therefore be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Our Credit Facilities” for more information. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations at all or on acceptable terms, could have an adverse effect on our business, financial condition, and operating results. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in amounts sufficient to enable us to make payments on our indebtedness or to fund our operations. Our debt agreements contain restrictions that may limit our flexibility in operating our business. We are a holding company, and accordingly, substantially all of our operations are conducted through our subsidiaries. The credit agreements governing our Credit Facilities contain, and any future indebtedness would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The credit agreements governing our Credit Facilities include covenants that, among other things, restrict our and our subsidiaries’ ability to: • incur additional indebtedness; • create liens; • make investments, loans, or advances; • merge or consolidate; • sell or otherwise dispose assets, including capital stock of subsidiaries, or make acquisitions; • pay dividends on capital stock or redeem, repurchase or retire capital stock, or make other restricted payments; • enter into transactions with affiliates; • repurchase certain indebtedness; and • in certain cases, maintain less than a certain fixed charge coverage ratio. Based on the foregoing factors, the operating and financial restrictions and covenants in our current debt agreements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities. In addition, a breach of any of the restrictive covenants in our Credit Facilities may constitute an event of default, permitting the lenders to declare all outstanding indebtedness under our Credit Facilities to be immediately due and payable or to enforce their security interest, which could adversely affect our ability to respond to changes in our business and manage our operations. Upon the occurrence of an event of default under any of the agreements governing our Credit Facilities, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in such credit agreements. If any of our indebtedness under our Credit Facilities were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could adversely affect our ability to continue to operate as a going concern. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Our Credit Facilities” for more information. We are exposed to credit risk on certain of our receivables and the inability or failure to collect outstanding credit, specifically from our existing customers under our commercial credit program, could result in losses and adversely affect our operating results. As an added convenience to our customers, we began offering limited credit to our commercial customers, a portion of which is not covered by collateral, third-party bank support, or credit insurance. Our exposure to credit and collectability risk makes us susceptible to potential losses, and our ability to mitigate such risks may be limited, especially if our customers are adversely affected by a market downturn or periods of economic uncertainty. While we monitor individual customer payment capability and maintain adequate reserves to cover our exposure, there can be no assurance that such procedures will be effective in reducing our credit risks. Our fixed lease obligations could adversely affect our operating results. We are required to use a significant portion of cash generated by our operations to satisfy our fixed lease obligations, which could adversely affect our ability to obtain future financing to support our growth or other operational investments. We will require substantial cash flows from operations to make our payments under our operating leases, all of which provide for periodic increases in rent. If we are not able to make payments under our operating leases, this could trigger defaults under other leases or, in certain circumstances, under our Credit Facilities, which could cause the counterparties or lenders under those agreements to accelerate the obligations due thereunder.

Risks Related to the Ownership of Our Common Stock Our stock price may continue to be volatile, which could result in a significant loss or impairment of your investment. On May 2, 2017, we completed our initial public offering (the “IPO”). Since the IPO, the price of our common stock as reported by The New York Stock Exchange (“NYSE”) has ranged from a low closing sales price of \$ 24. 00 on December 24, 2018 to a high closing sales price of \$ 143. 31 on November 4, 2021. In addition, the trading price of our common stock has been, and may continue to be, subject to wide price fluctuations in response to various factors, many of which are beyond our control, including those described above in “Risks Related to Our Business.”

and the following: • actual or anticipated fluctuations in our quarterly or annual financial results; • the financial guidance we may provide to the public, any changes in such guidance or our failure to meet such guidance; • failure of industry or securities analysts to maintain coverage of us, changes in financial estimates by any industry or securities analysts that follow us or our failure to meet such estimates; • downgrades in our credit ratings or the credit ratings of our competitors; • market factors, including rumors, whether or not correct, involving us or our competitors; • unfavorable market reactions to allegations regarding the safety of products sold by us or our competitors that are similar to products that we sell and costs or negative publicity arising out of any potential litigation and / or government investigations resulting therefrom; • fluctuations in stock market prices and trading volumes of securities of similar companies; • short selling of our common stock by investors; • additions or departures of key personnel; • announcements of new store openings, commercial relationships, acquisitions, or entry into new markets by us or our competitors; • failure of any of our initiatives, including our growth strategy, to achieve commercial success; • regulatory or political developments; • changes in accounting principles or methodologies; • litigation or governmental investigations; • negative publicity about us in the media and online; and • general financial market conditions or events. Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, including ours. These fluctuations sometimes have been unrelated or disproportionate to the operating performance of those companies. These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise adversely affect the price or liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. Such litigation and any other similar litigation that could be brought in the future, could cause us to incur substantial costs associated with defending such litigation or paying for settlements or damages. Such lawsuits could also divert the time and attention of our management from our operating business. Regardless of whether lawsuits are resolved in our favor or if we are the plaintiff or the defendant in any litigation, any lawsuits to which we are or may become a party will likely be expensive and time consuming to defend or resolve. As a result, such litigation may adversely affect our business, financial condition, and operating results. If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market, or our competitors, or if they change their recommendations regarding our common stock in a negative way, the price and trading volume of our common stock could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business, our market, or our competitors. If any of the analysts who cover us change their recommendation regarding our common stock in a negative way, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst who covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline. We may issue stock options, restricted stock and / or other forms of stock-based compensation, which have the potential to dilute stockholders' value and cause the price of our common stock to decline. We may offer stock options, restricted stock and / or other forms of stock-based compensation to our eligible associates, consultants and directors. If we grant more equity awards to attract and retain key personnel, the expenses associated with such additional equity awards could materially adversely affect our results of operations and may also result in additional dilution to our stockholders. If any options that we issue are exercised or any restrictions on restricted stock that we issue lapse and those shares are sold into the public market, the market price of our common stock may decline. In addition, the availability of shares of common stock for award under our stock incentive plans or the grant of stock options, restricted stock or other forms of stock-based compensation may adversely affect the market price of our common stock. Our ability to raise capital in the future may be limited. Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to holders of our common stock to make claims on our assets and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities or securities convertible into equity securities, existing stockholders will experience dilution and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest. We do not currently expect to pay any cash dividends. The continued operation and growth of our business will require substantial funding. Accordingly, we do not currently expect to pay any cash dividends on shares of our common stock. Any determination to pay dividends in the future will be at the discretion of our Board of Directors (the "Board") and will depend upon our operating results, financial condition, contractual restrictions, restrictive covenants under our Credit Facilities, restrictions imposed by applicable law and other factors our Board deems relevant. Additionally, under our Credit Facilities, our subsidiaries are currently restricted from paying cash dividends except in limited circumstances, and we expect these restrictions to continue in the future. Accordingly, realization of a gain on your investment in our common stock will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock. See Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" for more information. As a public company, we incur significant costs, and our management is required to devote substantial time, to comply with public company regulations, which could negatively impact our financial performance and could cause our results of operations or financial condition to suffer. Since becoming a public company in 2017, we have incurred and we will continue to incur legal, accounting, insurance and other expenses, including costs associated with public company reporting requirements, the Sarbanes-Oxley Act, Dodd-Frank

Wall Street Reform and Consumer Protection Act and related rules implemented by the SEC. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. These rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. These laws and regulations can also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations can also make it more difficult for us to attract and retain qualified persons to serve on our Board, our Board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions, and other regulatory action and potentially civil litigation.

Anti-takeover provisions could impair a takeover attempt and adversely affect existing stockholders and the market value of our common stock. Certain provisions of our certificate of incorporation and bylaws and applicable provisions of Delaware law may have the effect of rendering more difficult, delaying or preventing an acquisition of the Company, even when this would be in the best interest of our stockholders. These provisions include:

- the sole power of a majority of our Board to fix the number of directors;
- the requirement that certain advance notice procedures be followed for our stockholders to submit nominations of candidates for election to our Board and to bring other proposals before a meeting of the stockholders;
- the power of our Board to amend our bylaws without stockholder approval;
- the sole power of the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the ability of a majority of our Board (even if less than a quorum) to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval;
- a requirement that, to the fullest extent permitted by law, certain proceedings against or involving us or our directors, officers, or associates be brought exclusively in the Court of Chancery in the State of Delaware; and
- the lack of cumulative voting rights for the holders of our Class A common stock with respect to the election of directors.

Further, Delaware law imposes conditions on the voting of “control shares” and on certain business combination transactions with “interested stockholders.” Our issuance of shares of preferred stock could delay or prevent a change of control of the Company. Our Board has the authority to cause us to issue, without any further vote or action by our stockholders, shares of preferred stock, par value \$ 0.001 per share, in one or more series, to designate the number of shares constituting any series and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices, and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring, or preventing a change in control of our Company without further action by our stockholders, even where stockholders are offered a premium for their shares. In addition, the issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock. These provisions could delay or prevent hostile takeovers and changes in control or changes in our management. Also, the issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences, or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in our common stock less attractive. For example, a conversion feature could cause the trading price of our common stock to decline to the conversion price of the preferred stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control or otherwise makes an investment in our common stock less attractive could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our business, financial condition, and operating results are dependent on general economic conditions and discretionary spending by our customers, which in turn are affected by a variety of factors beyond our control. If such conditions deteriorate, our business, financial condition, and operating results may be adversely affected. Our business, financial condition, and operating results are affected by general economic conditions and discretionary spending by our customers. Such general economic conditions and discretionary spending are beyond our control and are affected by, among other things:

- consumer confidence in the economy;
- interest rates and inflation;
- trade relations and tariffs;
- unemployment trends;
- consumer debt levels;
- consumer credit availability;
- data security and privacy concerns;
- the housing market, including housing turnover and whether home values are rising or declining;
- energy prices;
- slower rates of growth in real disposable personal income;
- natural disasters, unpredictable weather or other unexpected events, including global health crises, such as the COVID-19 pandemic;
- national security concerns and other geopolitical risks;
- uncertain U. S. political conditions;
- protests, demonstrations, riots and other political unrest;
- tax rates and tax policy; and
- other matters that influence consumer confidence and spending.

If such conditions deteriorate, our business, financial condition, and operating results may be adversely affected. In addition, increasing volatility in financial and capital markets may cause some of the above factors to change with a greater degree of frequency and magnitude than in the past. We are engaged in various legal actions, claims and proceedings arising in the ordinary course of business and, while we cannot predict the outcomes of such proceedings and other contingencies with certainty, this litigation and any potential future litigation could have an adverse impact on us. We are engaged in various legal actions, claims and proceedings arising in the ordinary course of business, including claims related to breach of contract, product liabilities, intellectual property matters and employment related matters resulting from our business activities. As with most actions such as these, an estimate of any possible and / or ultimate liability cannot always be determined. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. Additionally, we cannot guarantee that we will not become engaged in additional legal actions, claims, proceedings or governmental investigations in the future. Any such action could result in negative publicity, harm to our reputation and adversely affect our business, financial condition, and operating results. Our ability to control higher health care costs is limited and could adversely affect our business, financial

condition, and operating results. Under the U. S. Patient Protection and Affordable Care Act (as amended, the “Affordable Care Act”), we are required to provide affordable coverage, as defined in the Affordable Care Act, to all associates, or otherwise be subject to a payment per associate based on the affordability criteria in the Affordable Care Act. Additionally, some states and localities have passed state and local laws mandating the provision of certain levels of health benefits by some employers. These requirements limit our ability to control associate health care costs. If health care costs rise, we may experience increased operating costs, which may adversely affect our business, financial condition, and operating results. We are subject to risks related to corporate social responsibility. Our business **could face** **face** increasing public scrutiny related to environmental, social and governance (“ESG”) activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, ~~support for local communities~~, corporate governance and transparency ~~and considering ESG factors in our business operations~~. We will incur additional ~~and potentially significant~~ expenses as we continue to execute our ESG framework in the coming years. Adverse incidents could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and ~~results~~. Changes to accounting rules or regulations could adversely affect our operating results. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. New accounting rules or regulations and changes to existing accounting rules or regulations have occurred and may occur in the future. Future changes to accounting rules or regulations, such as changes to revenue recognition or lease accounting guidance, climate disclosure requirements, or a requirement to convert to international financial reporting standards, could adversely affect our operating results through increased cost of compliance. Changes in U. S. taxation of businesses could adversely affect us. We are subject to taxes in the United States. Due to economic and political conditions, tax laws and tax rates for income taxes and other non-income taxes in various jurisdictions may be subject to significant change. Any such tax changes could materially increase the amount of taxes we would be required to pay, which could adversely affect our business, financial condition, and operating results. For example, increases in the corporate tax rate may adversely impact our cash flow, which would in turn negatively impact our performance and liquidity. Other changes that may be enacted in the future, including changes to tax laws enacted by state or local governments in jurisdictions in which we operate, could result in further changes to state and local taxation and materially adversely affect our financial position and results of operations.