

Risk Factors Comparison 2025-02-20 to 2024-02-22 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 **and Industry** Declines in certain economic conditions, which impact consumer discretionary spending, could adversely affect our business, financial condition, and results of operations. 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, **and** geopolitical events and uncertainty. Declines in the level of consumer confidence and spending and ~~rising high~~ interest rates have adversely affected, and could continue to adversely affect, consumer spending habits and consumer discretionary spending, which have resulted in, and may continue to result in, reduced demand for our products. The hard surface flooring industry is highly dependent on existing home sales because homeowners often replace flooring before selling a home or shortly after purchasing a home and, to a lesser extent, **on** new home construction. ~~The~~ **In 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, and persistently higher interest rates in 2024 has contributed** ~~contributed~~ **to several years of** negative existing home sales ~~for over two years, with such sales near record lows in 2024~~. We believe such inflationary pressure has **resulted in elevated mortgage rates and adversely** 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, housing affordability,~~ 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 inflation, tax policy, trade policy, employment levels, consumer confidence, credit availability, real estate prices, home- price appreciation, ~~existing home sales~~, demographic trends, weather conditions, natural disasters, geopolitical or public safety conditions, and general economic conditions. In particular ~~;~~ **continue to rise, or decline at too slow a rate**, interest rates and inflation could ~~continue to rise or remain at high levels~~, **continue to rise, or decline at too slow a rate**, 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)~~. We believe any one or a combination of these factors has resulted, and could continue to result in, decreased demand for our products, reduced spending on homebuilding or remodeling of existing homes, ~~or caused a decline in~~ 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, each of which the decrease in these areas~~ has adversely affected and could continue to adversely affect our business, financial condition, and operating results. 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 ~~221~~ **251** warehouse- format stores and five small- format standalone design studios located throughout the United States as of December ~~28~~ **26, 2023** ~~2024~~. 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 **new** 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 ~~+~~ **drive brand awareness, particularly in new markets;** 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 **;** **manage the impact of cannibalization by new stores on nearby existing store sales; and manage and expand our infrastructure to accommodate growth**. In addition, stores opened **more recently** ~~in new markets~~ have had, and many continue to have, higher construction, occupancy, and operating costs than stores opened in the past, and such stores may have lower profitability than stores opened in the past. **Furthermore** ~~in addition~~, laws or regulations ~~in these new markets~~ may make opening new stores more difficult or cause unexpected delays. 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 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 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-higher** cost locations with more prominent visibility. As a result of these factors and other factors that may be outside of our control, newly opened stores may not succeed or may **not** reach profitability at all, or may be slower to reach profitability than we expect. 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 **or acquire properties** 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 **real estate, including most of our** store locations **and distribution centers** 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 **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.** We also intend **to continue** 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 business largely depends on a strong brand image and awareness, and if we are unable to maintain and enhance our brand image and awareness, particularly in new markets where we have limited brand recognition, we may be unable to increase or maintain our level of sales. We believe that our brand image and awareness contribute significantly to the success of our business. We rely on our reputation for offering everyday low prices, superior service and a broad assortment of high-quality, trend-forward, safe products. We also believe that maintaining and enhancing our brand image and awareness, particularly in new markets where we have limited brand recognition, is important to preserving and expanding our customer base and growing sales. Our ability to successfully integrate newly opened stores into our surrounding communities, to expand into new markets, and to maintain the strength and distinctiveness of our brand in our existing markets will be adversely impacted if we fail to connect with our existing or target customers. Maintaining, promoting, and positioning our brand will depend largely on the success of our marketing and merchandising efforts and our ability to provide a consistent, high-quality product and customer experience. These efforts may require us to make substantial investments, which could adversely affect our cash flows and which may ultimately be unsuccessful. Failure to successfully market, maintain and grow our brand image and awareness in new and existing markets could harm our business, results of operations, and financial condition. Furthermore, our brand image could be jeopardized if we fail to maintain high standards for merchandise quality, if we fail to comply with local laws and regulations, or if we experience negative publicity or other negative events that affect our image and reputation. Customers are increasingly using social media and other electronic means to provide feedback and information about our Company in a manner that can be quickly and broadly disseminated. Customers value readily available information and often act on such information without further investigation and without regard to its accuracy. Negative publicity surrounding product matters, including publicity about other retailers, may harm our reputation and affect the demand for our products. Negative incidents can erode trust and confidence quickly, and adverse publicity, whether or not based in fact, could damage our brand and reputation; undermine our customers' confidence in us; reduce demand for our products and services; affect our ability to recruit, engage, motivate, and retain associates; result in litigation; attract regulatory scrutiny; and impact our relationships with current and potential suppliers. Our suppliers' business practices and positions may also be attributed to us, regardless of our actions, meaning the actions of third parties may pose similar risks to our brand and reputation.** 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 **significant** competition from ~~large~~ **big-box** home improvement centers, national and regional specialty

flooring chains, retailers, independent flooring retailers, and distributors internet-based companies. Among other things, we compete on the basis of breadth of product assortment, everyday low prices, locations of stores, in-store availability of job-lot quantities, as well as the quality of our products and customer service and innovation. As we face growing competition from omni-channel retailers who may have similar product offerings. 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 in this portion of our connected customer strategy. Customers are increasingly able to quickly comparison shop and determine real-time product availability and price using digital tools. We will be at a competitive disadvantage if, over time, our competitors are more effective than us in their utilization and integration of rapidly evolving technologies. Further, 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, 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. 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 as we continue to grow and become more well-known, other companies may change their strategies to present new competitive challenges. All of these factors may harm us and adversely affect our net sales, market share, and operating results. 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. announcing on February 1, 2025, an additional 10 % tariff for all products from China, beyond the previous 25 % tariff already imposed on the vast majority of the products we import from China. Approximately 18 % of the products we sold in fiscal 2024 were produced in China. The current U. S. presidential administration has also indicated the possibility of imposing significantly increased tariffs on imports into the U. S., not only from China but also from other countries. 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 withhold release orders for goods from the Xinjiang Uyghur Autonomous Region and under the Uyghur Forced Labor Prevention Act. These restrictions effectively prohibit 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. While we do not believe that our suppliers source materials from Xinjiang for the products they sell to us, certain of our products, including luxury vinyl plank, have been subject to detentions and inquiries. While such detentions and inquiries have not had a material impact on our business as of December 26, 2024, any detentions, withhold release orders, inquiries, or other policy developments could result in shortages, delays, and / or price increases that could disrupt our own supply chain, adversely affect our relationships with our suppliers, or cause our suppliers to fail to perform their obligations. 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 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 wars between Russia and Ukraine and in the Middle East could impact our ability to import products and result in further increases in energy costs, and attacks on shipping in the Red Sea have impacted and may continue to increase our supply chain costs. The uncertain nature, magnitude, and duration of hostilities stemming from such conflicts, including the potential effects of sanctions and countersanctions, and retaliatory cyberattacks on the world economy and markets, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business and operations. 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 4,500-400 SKUs and approximately \$ 3-2.0-7 million of inventory at cost as of December 28-26, 2023-2024. We also carry an additional \$ 507.8-9 million of inventory outside our stores, primarily at our distribution centers and in-transit to our distribution centers, as of December 26, the end of fiscal 2023-2024. The investment associated with this high level of inventory is substantial, and as we continue to broaden our supplier base, we may

increase the number of SKUs and investments associated with inventory. **The success of our business depends in part on our ability to identify shifts in consumer preferences, expectations and needs, as well as broader changes in the macroeconomic environment, and correspondingly forecast necessary inventory levels.** 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~~ **sell through** 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~~ **estimates** and **may** adversely affect our operating results. Any disruption in our distribution capabilities, **our** 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~~ **maintain and build a** distribution infrastructure and supply chain **that can** 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. ~~We will~~ **Due to our rapid expansion, we** continue to add distribution centers as needed to support our operations **and growth**. 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. ~~Due~~ **Any** disruption in the transition to and from or operation of our ~~the long lead time it takes to open a new~~ distribution centers ~~center,~~ **we also risk over- investing in distribution capabilities ahead of sufficient consumer demand, which could have cause us to incur higher costs an and** ~~adverse adversely affect~~ **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, **geopolitical or military conflicts,** weather ~~- and climate~~ 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, **labor disputes** 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, materials 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 **our products** ~~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, **geopolitical or military conflicts,** the impact of natural disasters (including those due to the effects of climate change), ~~duty~~ and other import costs. A material component of the cost of our ~~product products~~ **product products** includes transportation costs to move the ~~product products~~ from the manufacturer to our stores, and ~~there, as we~~ **have experienced, been recent capacity constraints.** These ~~these~~ **costs** could increase **due to the factors listed above and in the other risk factors, which can** have a material impact on inventory and 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, which could adversely affect our business, financial condition, and operating results. Our success depends substantially upon the continued retention of our 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, 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 a suitable replacement is hired. For example, **Trevor Lang** in August 2023, ~~Brian Robbins,~~ who initially joined the Company in ~~2013-2011~~ and served as our Executive Vice President, ~~Business Development Strategy~~ since ~~2018-2022,~~ **indicated has announced his retirement intent to leave the company effective March 1, 2024-2025.** **As we announced in January** In addition, effective as of November 2022 ~~2025,~~ **we have appointed a promoted Trevor Lang,** previously our Executive Vice President and Chief Financial Officer, as our new President, **Bradley Paulsen** and **Bryan Langley,** **who will join the Company in March 2025** previously our Senior Vice President, Finance, as our new Executive Vice President and Chief Financial Officer. Although ~~these~~ **our previous executive** transitions have been smooth, any future changes to our key personnel, including our executive officers, or our failure to **successfully manage the transition or** engage in effective succession planning, may be disruptive to our business, including by distracting management from our core business and ~~effective~~ **impacting** employee productivity. Further, we may have difficulty identifying, attracting and integrating new executives to replace any losses of our **other** existing **or future** executive officers, all of which could adversely affect our business, financial condition, and operating results. 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. 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 costs (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. 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. As 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 **Future organizational activities could result in distractions to our management and workforce, increased labor costs, work stoppages or strikes, disruption of our operations, limitations on our operational flexibility and efficiency, and the other** adverse effects that any future organizational activities will have on us. If we cannot currently predict were to become subject to work stoppages, all 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 a number of risks associated with obtaining products from abroad. These risks including include 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 or changes in the interpretation or application of rates or regulations relating to the import or export of our products; political unrest, acts of war, terrorism and economic instability resulting in the 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 Foreign Corrupt Practices Act (the "FCPA"), and sourcing laws such as the Lacey Act; or disruptions or delays in production, shipments, delivery or processing through ports of entry (, including those resulting from strikes, lockouts, work- stoppages or slowdowns, or other forms of labor unrest). Additionally, approximately 25-18% of the products we sold in fiscal 2023-2024 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. 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. Rising-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. We Additionally, we source the our 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 has substantial operations in China, accounted for approximately 13-11% of our net sales in fiscal 2023-2024. No other singular vendor supplied products representing more than 10% or more of net sales in fiscal 2023-2024. Our ability If we are unable to receive adequate 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 products from suppliers depends on our ability to identify and develop relationships with qualified suppliers who can satisfy our responsible product sourcing criteria it and can be impacted by economic or geopolitical -- political tensions purchases from instability, sanctions, tariffs our- or largest- other trade- related actions, the financial instability of suppliers, supplier noncompliance with applicable law, contract disputes which has substantial operations in China, accounted disruptions in our suppliers' logistics for- or supply chain networks approximately 13% of our- or net sales in fiscal 2023. No information technology systems, raw material or other shortages, and other factors beyond our control singular vendor supplied products representing more than 10% of net sales in fiscal 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 experience difficulty obtaining financing, 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.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 ~~,and have in place ongoing quality assurance and compliance programs~~,we cannot guarantee that our suppliers will comply with applicable laws and regulations or operate in a legal,ethical and responsible manner.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.Our ability to offer compelling products ~~to,particularly products made of more exotic species or our customers~~ 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 and- an U-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~~ . S- 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 related, or the implementation of new laws or regulations, could impede their ability to ~~global trade~~ do so. If our suppliers cannot deliver sufficient products, and tariffs we cannot find replacement suppliers, our net sales and operating results may be adversely affected. The effects of weather conditions, natural disasters or other unexpected events ~~, including public health crises, may disrupt our operations and have a negative impact on our business. The effects of extreme weather conditions and natural disasters occurring more frequently or with respect to antidumping- more intense effects, or the occurrence of unexpected events including wildfires, tornadoes, hurricanes, earthquakes, floods, tsunamis, and countervailing duties- other severe hazards~~, could adversely affect our business, financial condition and ~~, results of operations~~ . The current domestic and international political environment ~~, including existing- and cash flows~~ potential changes to U- ~~Extreme weather~~ S- policies related to global trade and tariffs, natural disasters, power outages or other unexpected events have resulted in uncertainty surrounding ~~the past disrupted and could in the future state of- disrupt our operations by, among the other things~~ global economy. In particular, ~~impacting the availability~~ ongoing trade dispute between the U- S- and ~~cost~~ China has resulted in the U- S- imposing tariffs of 25- % on the vast majority ~~materials needed for manufacturing and causing physical damage and partial or complete closure of supplier manufacturing sites, our retail stores, our store support center or our distribution centers; causing loss of human capital; causing temporary or long- term disruption in the manufacturing and supply of products we import from China. Approximately 25- % of the- and services; and causing disruption in our ability to deliver products and services to customers we sold in fiscal 2023 were produced in China. Any further expansion in the types- These events and disruptions could also adversely affect or our customers' and suppliers' levels of tariffs implemented on China or other countries has the potential to negatively impact our business, financial condition or ability to operate, resulting in reduced customer demand, delays in payments, 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 stores and distribution centers to select areas less prone to climate change risks and natural disasters, which could results- result in indirect financial of operations. Additionally, there is a risk risks that passed through the supply chain or other price modifications to our products and services. Public health crises in 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- or current business practices and 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, as well as the business activities of our key customers and suppliers, including the potential for labor shortages. In particular, the ultimate extent of the impact of any epidemic, pandemic or other public health crisis on our business, financial condition, and results of operations will depend on future developments that 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 its further spread,and the pace of global economic recovery following containment of the spread~~ .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. 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 providing 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. Federal Unfavorable allegations, government investigations state or local laws and legal actions surrounding regulations, or our products failure to comply with such laws and us regulations, could harm increase our reputation expenses, impair restrict our ability to conduct grow or sustain our business, and expose us to legal risks adversely affect our business, financial condition, and operating results. We are subject to a wide range of general rely on our reputation for offering great value, superior service and a 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 restrictions under the withhold release orders for goods from the Xinjiang Uyghur Autonomous Region and under export controls (such as the Uyghur Forced Labor Prevention Act), intellectual property infringement which effectively prohibits imports of any goods made either wholly or in part in Xinjiang, immigration, the which may induce greater supply chain compliance costs and delays to us use, storage, generation, transportation, treatment, emission, release and to our suppliers disposal of certain hazardous materials and wastes, zoning and occupancy matters, and the operation of retail stores and distribution facilities. The In addition, various federal and state law laws govern our relationship 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 other matters pertaining to, goods in question were not produced "wholly or our associates, including wage 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 hour suppliers source materials from Xinjiang laws, laws governing independent contractor classifications, requirements to provide meal and rest periods for or the other benefits products they sell to us. paid and unpaid leave mandates, requirements regarding working conditions and accommodations to certain of associates, citizenship our or products work authorization and related requirements, including luxury vinyl plank insurance and workers' compensation rules and anti- discrimination laws. In recent years, we and other parties in the flooring industry have been subject or currently are parties to detentions litigation involving claims that allege violations of these laws, including claims related to product safety and patent claims. Similarly, we and other retailers have in recent years experienced and an inquires 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. While 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 detentions laws and regulations, and in turn, inquiries have not had a material impact on our business as of December 28, 2023 financial condition, and operating results continued detentions, withhold release orders, inquiries, 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. 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. 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. 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 our or our suppliers have failed to do so. If we or our suppliers violate or are alleged to have violated these laws and regulations, or if we become subject to unfavorable allegations, government investigations or legal actions involving our products or us, we could incur significant costs, a risk that we will become be liable for damages, experience delays in shipments of our products, be 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 these laws and regulations may subject us to fines, penalties, injunctions, litigation, and / or potential criminal violations charges or other legal risks, or suffer reputational harm, any of which could reduce demand for our products and 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 these laws or regulations, increased or expanded enforcement of these 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. 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 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, use, storage and transmission of customers'

personal information, consumer preferences and payment card data, as well as other confidential information related to us the industry, or our associates, job applicants, our suppliers and other adverse consequences 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, use, storage and transmission of such information. Techniques used for cyberattacks designed to gain unauthorized access to these types of sensitive information by breaching our- by breaching or sabotaging critical systems of organizations, including those that use artificial intelligence, are constantly evolving and generally are difficult to recognize and react to effectively. We or our third-party service providers may be unable to anticipate these techniques or to implement adequate preventive or reactive security measures. 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 cyberattack cyber-attack threat and improved data protection methods. Despite our security measures and those of third parties with whom we do business, our business, our respective systems and facilities may be vulnerable to criminal cyberattacks or security incidents due to malfeasance, intentional or inadvertent security breaches by associates, or other vulnerabilities such as defects in design or manufacture. Rising geopolitical tensions Unauthorized parties may also Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deception or coercion 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. 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, associates financial condition, or suppliers, all of which could adversely affect our business, financial condition, and operating results. A disruption in our information systems, including our website, 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 in recent years, tensions between mainland China and an Taiwan 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 an important part of our integrated connected customer strategy, and customers use these systems our website as an information sources source 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, cyberattacks cyber-attacks or other security breaches, and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and misconduct or usage errors by our associates. Furthermore, not all of our systems are fully redundant, and our disaster recovery planning may not be sufficient, despite our testing, to meet our business needs in the event of a material disruption. If our information systems are damaged or cease to function properly, we may have to have further escalated 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. Some of our information technology systems are currently outsourced to, or using cloud-based services provided by, third parties. If these third parties are unable, unwilling, or otherwise experience interruptions in their ability to provide services to us or to provide us access to the systems on which we rely, or if these third parties are unable to secure our data from cyberattacks and other cyber incidents, our operations may be disrupted, and we may incur significant costs, harm to our reputation or relationships with China accelerating our customers, associates, and suppliers, or otherwise experience a material adverse effect on our business, financial condition or operating results. In addition, cybersecurity threat actors are increasingly sophisticated and are targeting employees, contractors, service providers and third parties through various techniques that involve social engineering and / or misrepresentation (such as phishing attempts and similar techniques). The increased use of associate-owned devices for communications as well as work-from-home arrangements may exacerbate cybersecurity risk, including presenting additional operational risks to our information technology systems and increased risks of cyberattacks. The cybersecurity threat landscape is vast, and techniques used to obtain unauthorized access, disable, degrade service or sabotage information technology systems evolve frequently. Cybersecurity threat actors may attempt to intrude, damage, or disrupt our information technology systems through a number of techniques, including via computer viruses or worms, malware (including ransomware), phishing attacks, spyware, and denial of service attacks, among others. Data breaches and the other development cybersecurity events have become increasingly commonplace, including as a result of military-emerging technologies, such as artificial intelligence and machine learning. As a result, these techniques may be difficult to detect and are often not recognized until launched against a target. Accordingly, we may be unable to anticipate these techniques or implement adequate countermeasures. To keep pace with changing technology and the increasing risk posed by cybersecurity threat actors, we must continuously implement new information technology systems as well as enhance our existing systems, including an upgrade to our existing core financial and merchandising systems that began in fiscal 2024. Moreover, the successful execution of some of our growth strategies, in particular the expansion of our connected customer and online capabilities in order to "reunite Taiwan by force." In case of a military conflict between China and Taiwan, is dependent on the design and implementation of new systems and technologies and /

our ~~or ability~~ 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 import products from China 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 be limited. Similarly ~~result in our increased vulnerability to cybersecurity events~~, which the ongoing war between Russia and Ukraine could escalate ~~have and~~ an adverse effect impact our ability to import products from Europe, including due to further increases in energy costs, and attacks on shipping in the Red Sea ~~our business and our operating results and~~ could increase our supply chain costs ~~lead to reduced net sales and reputational damage~~. Our ~~We may continue to have negative~~ comparable store sales ~~or have become negative, and in the future our~~ comparable store growth ~~lower~~ 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 28-26, 2023-2024 compared to an ~~and by 7~~ increase of 9.2-1% for the fiscal year ended December 29-28, 2022-2023, 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 28-26, 2023-2024, and 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, as discussed in the other risk factors, 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, it is likely that overall net sales growth would be adversely affected, which could have a negative impact on our business, financial condition, and operating results. We ~~depend on a number of suppliers,..... 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~~ credit facilities ~~facilities~~, 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, upgrading our information technology systems and other infrastructure, and ~~engaging in~~ 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 \$ 202-200.43 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 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for ~~more further~~ information. ~~Our business exposes us to personal.....~~ ~~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 these laws, including claims related to product safety and patent claims. In addition, there has been an increase in the number of wage and hour- ~~our liquidity~~ class action claims that allege misclassification of..... the market price of our common stock. Changes in tax laws, trade policies and, or regulations or in our operations and newly enacted tax laws, trade policies, 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. 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, cash, 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. 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. 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~~ **may not** be adequate to prevent others from copying or using our trademarks or intellectual property without authorization, which could harm the value of our brand. 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 **raised** 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, **regardless of whether such claim has merit**, could subject us to **material and costly disputes or** litigation and impose a significant strain on our financial resources and management personnel ~~regardless of whether such claim has merit~~. 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, **joint ventures**, 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 experience acquiring companies, **and** any future acquisitions may not be successful. If we complete an acquisition, we would need to **successfully determine the appropriate level of integrate-integration of** the target company's products, services, associates, and systems into our business operations, **and then successfully manage that integration into our corporate structure. The integration of businesses may create increased complexity in our financial systems, internal controls, technology and cybersecurity systems, and operations, and may make them more difficult to manage.** Integration can be a complex and time-consuming process, and if 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. We face risks related to our indebtedness. As of December ~~28-26, 2023-2024~~, the principal amount of our total indebtedness was \$ ~~202-200, 4-3~~ million related to our indebtedness outstanding under the Term Loan Facility. In addition, as of December ~~28-26, 2023-2024~~, we had the ability to access \$ 718. ~~4-0~~ million of unused borrowings available under the ABL Facility without violating any covenants ~~thereunder and had \$ 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; • 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 **and increased debt service obligations** as our borrowings under our Credit Facilities are at variable rates; • restricting us from making strategic acquisitions; • requiring us to comply with financial and operational covenants ~~that may restricting~~ **restrict** 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, 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~~ **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. 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. **Our fixed lease obligations. 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 operating operations results or capital needs or to engage in other business activities.** We **may incur substantial additional indebtedness in the** 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, **subject** to support our growth or other **the restrictions contained** 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. **If such new indebtedness is in an amount greater than our current debt levels**, which **the related risks that we now face** could cause the counterparties or lenders under those agreements **intensify. However, we cannot give assurance that any such additional financing will be available** to accelerate the obligations due thereunder **us on acceptable terms or at all**. 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.” Stock markets have experienced 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. 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. Accordingly, realization of a gain on **your an** investment in our common stock will depend on the appreciation of the price of our common stock, which may **never not** occur. See Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” for more information. **Certain Anti-takeover provisions in our organizational documents and Delaware law** 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 **or change of control** of the Company, **even when this would that stockholders may consider to be favorable** in the best interest of our stockholders. These provisions **include, among other things** : • **authorize the Board to issue “blank check” preferred stock without stockholder approval, which, if issued, would increase the number of outstanding shares of our capital stock, make it more difficult for someone to acquire us, and potentially adversely affect the voting power of the holders of our other classes of voting stock;** • **establish** the sole power of a majority of our Board to fix the number of directors; • **the requirement** **require** 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; • **provide** the power of our Board **with the ability** to amend our bylaws without stockholder approval; • **provide that** 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, **may only be filled by a majority of the Board members still in office**; • **provide that only** the ability of a majority of our Board (even if less than a quorum) to designate one or more series **the chairperson** of preferred stock and issue shares **the Board may call special meetings** of preferred stock without stockholder **stockholders approval**; • **prohibit stockholder action by written consent, thus requiring all stockholder actions to be taken at a meeting of stockholders; and** • **requirement** **require** 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 **in our organizational documents and Delaware law** 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. 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. General Risk Factors We are engaged **from time to time** 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~~ **some of these outcomes** and any potential future ~~litigation proceedings~~ 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~~. **We also have been and may in the future be the target of securities-related litigation**. 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. **We maintain insurance to mitigate the risks associated with potential claims; however, we are responsible for meeting certain deductibles under such policies, and, in any event, the insurance coverage may not adequately protect us from all claims made against us.** 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. **See the information disclosed under “Litigation” in Note 9, “Commitments and Contingencies” to the notes to our consolidated financial statements included in this Annual Report for further detail on legal proceedings.** We are subject to risks related to corporate social responsibility. ~~Our business could face public scrutiny~~ **Regulators, customers, investors, associates, and other stakeholders are increasingly focusing on environmental, social, and governance matters and related to environmental disclosures.** **Changing rules, social regulations, and governance (“ESG”) activities stakeholder expectations have resulted in, and are likely to continue to result in, additional obligations, increased general and administrative expenses, increased management time and attention spent complying with or meeting such regulations and expectations, and heightened risks of litigation and enforcement actions.** We risk damage to our brand and reputation **for our actions** if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, corporate governance and transparency. We will incur additional expenses as we continue to execute our ~~or inactions~~ **ESG framework in the coming years.** Adverse incidents **related to these matters** could **negatively** impact the value of our brand, ~~the operating cost costs~~, **of our operations** and relationships with investors, all of which could adversely affect our business and operating results.