

## Risk Factors Comparison 2023-02-28 to 2022-02-23 Form: 10-K

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

In addition to the other information contained in this Annual Report, the following risk factors should be considered carefully in evaluating our business. The Risk Factor Summary that follows should be read in conjunction with the detailed description of risk factors below. If any of the risks or uncertainties described below were to occur, our business, financial condition, and results of operations may be materially and adversely affected. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. When considering any investment in our securities, investors should consider the following risk factors, as well as the information contained under the caption “ Special Note Regarding Forward- Looking Statements, ” in analyzing our present and future business performance. Risks Related to Our Business, including risks related to: • the COVID- 19 pandemic; • the integration of our recent acquisitions; • our indebtedness and our ability to incur more indebtedness; • **additional leverage incurred in connection with acquisitions or other capital expenditure initiatives;** • our ability to generate sufficient cash to service our indebtedness; ~~• despite current and anticipated indebtedness levels, we may still be able to incur substantially more debt;~~ • the terms of the agreements governing our indebtedness and their restriction of our current and future operations and operating flexibility; • **rising interest rates and interest rate risk exposure from our floating rate debt financing;** • changes in the method ~~of determining our outstanding indebtedness that is currently dependent on~~ **benchmark interest rates that may adversely affect interest rates on certain** of determining ~~our outstanding indebtedness that is currently dependent on~~ **the London Interbank Offered Rate (“ LIBOR ”)** ~~or the replacement of LIBOR with an alternative reference rate;~~ • the substantial ownership stake of certain of our stockholders; • potential difficulties associated with our rapid growth and expansion; • the potential sale of one or more of our business segments or certain assets; • our operation in highly competitive industries; • our failure to maintain sound business and contractual relationships with our franchisees and dealers; • our significant lease obligations; and • our failure to achieve and maintain effective internal controls. Risks Related to Our Segments, including risks related to: • ~~the ownership of significant amounts of real estate exposes our Badcock segment~~ **and us to possible liabilities incidental to such ownership;** • ~~our Badcock segment’s~~ failure to operate its dealer network in its current manner, which remains outside the purview of federal and state franchise laws, which may adversely affect its and our business, prospects, results of operations, financial condition and cash flows; • operational and other failures by dealers may adversely impact our Badcock segment and our business, prospects, results of operations, financial condition and cash flows; • our Badcock segment’s consumer financing business is a highly regulated industry and existing and new laws and regulations could have a material adverse effect on our Badcock segment; • unfavorable publicity or consumer perception of our segments’ ~~products and any similar products distributed by other companies;~~ **products** and any similar products distributed by other companies; • our Vitamin Shoppe and Pet Supplies Plus segments’ sale of food, dietary supplement, topical products ~~and pet products containing cannabidiol;~~ **and pet products containing cannabidiol;** • disruptions at our Pet Supplies Plus, Badcock, American Freight, and Vitamin Shoppe segments’ ~~warehouses and distribution facilities or at our contract manufacturers’ manufacturing facilities;~~ **warehouses and distribution facilities** or at our contract manufacturers’ manufacturing facilities; • increases in the price or shortages of supply in connection with our segments’ ~~products;~~ **products;** • product recalls, withdrawals or seizures; • consumer spending factors affecting the success of our segments; • the ability of our segments to compete effectively with the growing e- commerce sector; • the ability of our Vitamin Shoppe, Pet Supplies Plus, Badcock, American Freight ~~and Buddy~~ **s** segments to successfully manage their inventory levels; • the growth and effective operations of our Company- owned locations and ~~franchisees and dealers, and the franchise and dealer operations~~ **locations;** • our franchisees’ failure to open locations in new territories ~~or~~ **and** successfully operate their new locations; • our potential to be held responsible by third parties, regulators, or courts for the action of, or failure to act, by our franchisees and dealers, ~~and the exposure to possible fines or other liabilities,~~ **and the exposure to possible fines or other liabilities,** and bad publicity; • disputes with our franchisees and dealers; and • the effectiveness of our marketing and advertising programs and franchisee support of these programs. Risks Related to Legal and Regulatory Matters, including risks related to: • adverse outcomes related to litigation or regulatory actions; • our failure to protect or failure to comply with laws and regulations related to our customers’ personal information; • our or our franchisees’ failure to comply with marketing and advertising laws, including with regard to direct marketing; • compliance with governmental regulations or newly enacted laws; • product liability claims; and • our involvement in federal securities class- action lawsuits and derivative complaints. General Risk Factors, including risks related to: • our failure to protect our intellectual property rights; • our reliance on technology systems and electronic communications; • negative publicity, costly government enforcement actions or private litigation and increased costs as a result of our inability to secure our customers’ personal and confidential information, or other private data relating to our associates, suppliers or our business; • our failure to retain key senior management personnel or attract and retain highly skilled and other key personnel; • our ability to attract and retain qualified employees; • the exclusive forum provisions in our Certificate of Incorporation; • the volatility of our stock price; • our ability to continue to pay dividends in the future; and • antitakeover provisions in our charter documents. Our results of operations and financial condition have been, and will likely continue to be, affected by the COVID- 19 pandemic and, depending on future developments, may be materially adversely impacted by the COVID- 19 pandemic. The COVID- 19 pandemic has had and will likely continue to have an impact on our operations and financial performance. The extent to which the COVID- 19 pandemic impacts our business, results of operations and financial condition is uncertain and cannot be predicted. There can be no assurance that any of our efforts to address adverse impacts of the COVID- 19 pandemic will be effective. Even after the COVID- 19 pandemic has subsided, we may experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future. For instance, changes in the behavior of customers, businesses and their employees as a result of the COVID- 19 pandemic, including social distancing practices, even

after formal restrictions have been lifted, are unknown. Furthermore, the financial condition of our customers and vendors may be adversely impacted, which may result in a decrease in the demand for our products, the inability and our franchisees' ability to operate store locations or a disruption to our supply chain. Any of these events may, in turn, have a material adverse impact on our business, results of operations and financial condition. We have incurred significant transaction and acquisition-related costs and expect to incur integration-related costs in connection with our acquisitions. We have incurred a number of non-recurring costs associated with our acquisitions and expect to incur integration-related costs in combining areas of the companies. The substantial majority of non-recurring expenses were comprised of transaction costs related to certain of our acquisitions. ~~We also expect to incur transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs.~~ We continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in connection with the integration of all of these companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of these businesses, should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. Our indebtedness could adversely affect our financial condition, limit our ability to raise additional capital to fund our operations and prevent us from fulfilling our obligations under our debt agreements. We have substantial indebtedness, which could adversely affect our ability to fulfill our obligations and have a negative impact on our financing options and liquidity position. Our high level of debt could have significant consequences for us, including the following:

- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- limiting our ability to refinance our indebtedness on terms acceptable to us or at all;
- increasing the cost of future borrowings and, accordingly, our cost of capital;
- imposing restrictive covenants on our operations;
- placing us at a competitive disadvantage to competitors carrying less debt; and
- making us more vulnerable to economic downturns and other conditions, changes in the markets and adverse developments in our business and limiting our ability to withstand competitive pressures.

We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our indebtedness, which may not be successful. Cash flows from operations are the principal source of funding for us. Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control, including the impact of the COVID-19 pandemic and the availability of financing in the international banking and capital markets. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to fund our day-to-day operations or to pay the principal, premium, if any, and interest on our indebtedness, or to refinance our indebtedness on commercially reasonable terms or at all, which could materially and adversely affect our business, financial position and results of operations and our ability to satisfy our obligations. If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash requirements, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. The agreements that govern our indebtedness may restrict us from accomplishing any of these alternatives on commercially reasonable terms or at all. Additionally, the agreements that govern our indebtedness may restrict (a) our ability to dispose of assets and use the proceeds from any such dispositions and (b) our ability to raise debt capital to be used to repay our indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations and limit our financial flexibility. Any issuances of additional capital stock would be dilutive to existing stockholders. 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. If we cannot make scheduled payments on our debt, we will be in default and, as a result, lenders under our existing and future indebtedness could declare (or some of the following could occur automatically) all outstanding principal and interest to be due and payable, the lenders under our credit facilities could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation, in each case, which could result in any of the holders of our indebtedness and / or our stockholders losing their investments. Despite current and anticipated indebtedness levels, we may still be able to incur substantially more debt. If we were to incur substantial additional indebtedness in the future, it could further exacerbate the risks described above. Although the agreements that govern our indebtedness restrict the incurrence of additional indebtedness, these restrictions are and will be subject to a number of qualifications and exceptions and any additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness (which may include, among others, trade payables and other expenses incurred in the ordinary course of business). Further, pursuant to our credit facilities and subject to the limitations set forth therein, we may have the option to increase our commitments under our credit facilities thereunder. Such increases would be secured indebtedness. If new debt is added to our current debt levels, the related risks that we now face could intensify. The terms of the agreements governing our indebtedness may restrict our current and future operations and operating flexibility, particularly our ability to respond to changes in the economy or our industry or to pursue our business strategies, and could adversely affect our capital resources, financial condition and liquidity. The agreements that govern our indebtedness contain a number of restrictive covenants that impose significant operating and financial restrictions on us and limit our ability to engage in acts that may be in our long-term best interests,

including, among other things, restrictions on our ability to: • incur, assume or guarantee additional indebtedness; • declare or pay dividends or make other distributions with respect to, or purchase or otherwise acquire or retire for value, equity interests; • make any principal payment on, or redeem or repurchase, certain indebtedness; • make loans, advances or other investments; • incur liens; • sell or otherwise dispose of assets, including capital stock of subsidiaries; • enter into sale and lease- back transactions; • consolidate or merge with or into, or sell all or substantially all of our assets to, another person; • enter into transactions with affiliates; • materially change the nature of our business; • enter into agreements that restrict the ability of certain subsidiaries to make dividends or other payments; and • service our indebtedness if covenants under our credit facilities are not satisfied. Our credit facilities also contain covenants that may limit our ability to service our other indebtedness. As a result of these restrictions, we may be limited in how we conduct our business, unable to raise additional debt or equity financing to operate during general economic or business downturns, or unable to compete effectively, take advantage of new business opportunities or grow in accordance with our plans. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with such covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the holders of such indebtedness and / or amend the covenants. A breach of the covenants under the agreements governing our indebtedness could result in an event of default under the applicable indebtedness, which, if not cured or waived, could result in us having to repay such indebtedness before its due date. Such an event of default may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In addition, such an event of default may permit the lenders in our credit facilities to terminate all commitments to extend further credit thereunder. In the event the repayment of any of our indebtedness is accelerated, we cannot assure you that we will have sufficient assets to repay such indebtedness. If we are forced to refinance such indebtedness on less favorable terms or if we experience difficulty in refinancing such indebtedness, our results of operations or financial condition could be materially affected. Furthermore, if we are unable to repay the amounts due and payable under the agreements governing our secured indebtedness, the lenders or holders of such indebtedness may be able to proceed against the collateral granted to them to secure such indebtedness. Our floating rate debt financing exposes us to interest rate risk. We may borrow amounts under our credit facilities or otherwise that bear interest at rates that vary with prevailing market interest rates. If such market interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed may remain the same, and our profit and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, it is possible that we will not maintain interest rate swaps with respect to any of our variable rate indebtedness. Alternatively, any swaps we enter into may not fully or effectively mitigate our interest rate risk. Changes in **benchmark interest** the method of determining the London Interbank Offered Rate ("LIBOR"), or the replacement of LIBOR with an alternative reference rate **rates** , may adversely affect interest rates on **certain** of our outstanding indebtedness **that is currently** dependent on LIBOR. **We may borrow amounts As of February 28, 2023, the indebtedness** under our **Second Lien credit Credit** facilities or otherwise that **Agreement (the " Second Lien Credit Agreement ")** **bear bears** interest at variable interest rates that use LIBOR as a reference rate , **while the indebtedness under our ABL Agreement (as defined herein) and First Lien Credit Agreement (the " First Lien Credit Agreement ") (after giving effect to the Third Amendment to First Lien Credit Agreement, dated as February 2, 2023) bears interest at variable interest rates that use the Secured Overnight Financing Rate (" SOFR ") as a benchmark rate** . In March 2021, the Chief Executive of the U. K. Financial Conduct Authority (the "**FCA** " ), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after June 30, 2023. The **Alternative Reference Rates Committee, a group of market participants convened by the U. S. Federal Reserve Board and the Federal Reserve Bank of New York** , has **recommended** **begin publishing a Secured Overnight Funding Rate (" SOFR ")** , which is **as an alternative benchmark rate to replace LIBOR** . **Our Second Lien Credit Agreement includes provisions** intended to **provide for the replace replacement of U. S. dollar LIBOR** . These reforms may cause **with SOFR or another widely- accepted alternative benchmark rate upon the cessation of LIBOR** to perform differently than in the past or to disappear entirely. The consequences of these developments with respect to LIBOR cannot be entirely predicted but may result in an increase in the interest cost of our indebtedness that uses (or in the absence of the changes to or disappearance of LIBOR, would have used) LIBOR as a reference rate . In the event that LIBOR is no longer available as a reference rate or ceases to adequately and fairly reflect the cost to our lenders of making and maintaining loans, **our the Second Lien credit Credit facilities Agreement** **permit permits** the lenders to suspend maintaining loans that use LIBOR as a reference rate. **We expect our Second Lien Credit Agreement to bear interest based on a SOFR benchmark within fiscal 2023. SOFR is calculated based on short- term repurchase agreements, backed by U. S. treasury securities. SOFR is an observed and backward looking rate, which stands in contrast with the LIBOR benchmark rate which is an estimated forward- looking rate and relies, to some degree, on the expert judgment of submitting panel members. Additionally, SOFR is a secured rate and does not take into account bank credit risk, as was the case with LIBOR. While the difference between LIBOR and SOFR as of today is not significant, the difference may be larger in respect of longer interest periods. While it is impossible for us to predict the effect of switching from a LIBOR to a SOFR benchmark under our Second Lien Credit Agreement, it is possible such a switch could result in higher interest costs for us, which could in turn have an adverse effect on our operating results and liquidity.** In addition, the overall financial markets may be disrupted as a result of the phase- out or replacement of LIBOR. Disruption in the financial markets could have **an a material** adverse effect on our business, financial condition and results of operations. Certain stockholders have a substantial ownership stake, and their interests could conflict with the interests of our other stockholders. As of December 25-31 , 2021-2022 , **Brian Kahn and Vintage Capital Management, LLC and its affiliates** (" Vintage ") **currently, in aggregate, owns- own** shares of our common stock representing approximately **12-40. 3-2** % of our outstanding common stock. As a result of substantial ownership of our

stock, and Vintage! Mr. Kahn' s participation on the Board, Vintage currently has the ability to influence certain actions requiring stockholder approval, including increasing or decreasing the authorized share capital, the election of directors, declaration of dividends, the appointment of management, and other policy decisions. The interests of Mr. Kahn and Vintage may be different from the interests of our other stockholders. While any future transaction with Mr. Kahn and Vintage or other significant stockholders could benefit us, the interests of Mr. Kahn and Vintage could at times conflict with the interests of other stockholders. Conflicts of interest may also arise between us and Mr. Kahn and Vintage or its affiliates, which may result in the conclusion of transactions on terms not determined by market forces. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common stock. Moreover, the concentration of ownership may delay, deter or prevent acts that would be favored by other stockholders or deprive our stockholders of an opportunity to receive a premium for their shares of our common stock as part of a sale of us. Similarly, this concentration of stock ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning equity in a company with concentrated ownership. See Refer to " Note 13-14 : Related Party Transactions" in the Notes to the Consolidated Financial Statements. Because of the significant changes to our business initiatives and strategies, including as a result of our acquisitions we are susceptible to the potential difficulties associated with rapid growth and expansion and we may not achieve the same level of growth in revenues and profits as we had in prior years. Our future viability, profitability, and growth will depend upon our ability to successfully operate and continue to expand our operations. We have grown rapidly since we began making the acquisitions in July 2019. Our management believes that our future success depends in part on our ability to manage the rapid growth and integration that we have experienced from current and future acquisitions, and the demands from increased responsibility on management personnel within the businesses we acquired and at the corporate level. Our ability to continue to grow our business will be subject to a number of risks and uncertainties and will depend in large part on:

- our ability to manage increased responsibilities for our executive level personnel and administrative burdens;
- our risk of litigation and other unanticipated liabilities;
- adding new customers and retaining existing customers, franchisees and dealers;
- innovating new products and services to meet the needs of our customers;
- finding new opportunities in our existing and new markets;
- remaining competitive in the specialty retailing, consumable durable goods and retail industries;
- attracting and retaining capable franchisees and dealers;
- delivering on our products and services in sufficient volumes and in a timely manner;
- hiring, training, and retaining skilled managers and employees; and
- expanding and improving the efficiency of our operations and systems and managing related organizational challenges.

There can be no assurance that any of our efforts will prove successful or that we will continue to achieve growth in revenues and profits. Our operating results could be adversely affected if we do not successfully manage our ability to grow and these potential risks and uncertainties. Our historical and pro forma financial information is not necessarily indicative of the results that may be realized in the future. In addition, due to the timing of the acquisitions, there is very limited comparative information on our combined business. We may seek to continue to expand through acquisitions of and investments in other businesses. These acquisition activities may be unsuccessful or divert management' s attention. We may consider strategic and complementary acquisitions of and investments in other franchise- centric businesses. In pursuing these opportunities, we will likely be competing with third parties that may have substantially greater financial resources than us. Acquisitions or investments in brands, businesses, properties or assets, as well as third- party alliances are subject to risks that could affect our business, including risks related to: (i) issuing shares of stock that could dilute the interests of our existing stockholders, (ii) spending cash and incurring debt, (iii) assuming contingent liabilities, or (iv) creating additional expenses. We may not be able to identify opportunities or complete transactions on commercially reasonable terms or at all or we may not actually realize any anticipated benefits from such acquisitions or investments. Similarly, we may not be able to obtain financing for acquisitions or investments on attractive terms or at all, or the ability to obtain financing may be restricted by the terms of our indebtedness. In addition, the success of any acquisition or investment also will depend, in part, on our ability to integrate the acquisition or investment with our existing operations. Finally, any potential acquisitions or investments could demand significant attention from management that would otherwise be available for business operations, which could harm our business. We may seek to sell one of our business segments which may adversely affect our results of operations, personnel, reputation and financial position. As a company that manages a portfolio of retail and franchised brands, we continue to evaluate opportunities to restructure our business in an effort to optimize shareholder value, which could potentially include the divestiture of certain business segments. Divestitures involve numerous risks, such as: (i) the acceptance of a less than favorable sales price, (ii) the potential loss of key employees, (iii) adverse reactions by customers, suppliers, or parties transacting business with the divested business segment or us, (iv) potential litigation or any administrative proceedings arising from the divestiture, (v) negative impacts on stock analyst ratings, and (vi) our inability to retain certain intellectual property rights. Such divestitures could result in significant costs to us which could adversely affect our financial condition and results of operations. We cannot provide assurance that such a sale of a business segment will be successful or will not harm our business, results of operations, financial condition, or stock price. We operate in highly competitive industries and our revenues or profits could be harmed if we are unable to compete effectively. The retail, consumer services, tutoring, and rent- to- own industries in which we operate are subject to intense competition. Our principal competitors are other similar operators with well- established and recognized brands. We also compete against smaller retailers and " mom and pop " operations. If we are unable to compete successfully, our revenues or profits may decline. Certain of our competitors may have significantly greater financial, technical and marketing resources than we do, and may be able to adapt to changes in consumer preferences more quickly, devote greater resources to the marketing and sale of their products or services, or generate greater brand recognition. In addition, our competitors may be more effective and efficient in introducing new products and services. Furthermore, if we fail to meet supply and demand or fail to provide our customers with an attractive omnichannel experience, our business and results of operations could be materially and adversely affected. Failure to maintain sound business and contractual relationships with our franchisees and dealers may

have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Our financial success depends in significant part on our ability to maintain sound business relationships with our franchisees and dealers. The support of our franchisees and dealers is also critical for the success of our marketing programs and any new strategic initiatives we seek to undertake. Deterioration in our relationships with our franchisees and dealers or the failure of our franchisees and dealers to support our marketing programs and strategic initiatives could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. In addition, the failure of our franchisees and dealers to timely renew their franchise agreements could have a material adverse effect on our business and our ability to enforce the franchisees' and dealers' contractual obligations. We have significant lease obligations, which may require us to continue paying rent for store locations that we no longer operate. We have company- owned operations of which the majority are operated in leased locations, specifically in our Vitamin Shoppe and American Freight segments. We are subject to risks associated with our current and future real estate leases. Our costs could increase because of changes in the real estate markets and supply or demand for real estate sites. We generally cannot cancel our leases, so if we decide to close or relocate a location, we may nonetheless be committed to perform our obligations under the applicable lease including paying the base rent for the remaining lease term. As each lease expires, we may fail to negotiate renewals, either on commercially acceptable terms or any terms at all and may not be able to find replacement locations that will provide for the same success as current store locations. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business and stock price. Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our brands and operating results could be harmed. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. While we continue to evaluate and improve our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act. Failure to achieve and maintain an effective internal control environment could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price. As we have grown our business through our acquisitions, our disclosure controls and internal controls have become more complex and may require significantly more resources to ensure the effectiveness of these controls. If we are unable to continue upgrading our financial and management controls, reporting segments, information technology and procedures in a timely and effective fashion, additional management and other resources may need to be devoted to assist in compliance with the disclosure and financial reporting requirements which would adversely affect our business, financial position and results of operations.

~~The ownership of significant amounts of real estate exposes our Badcock segment and us to possible liabilities incidental to such ownership. Our Badcock segment owns the land and buildings for 38 of its 383 stores, as well as for its three distribution centers and its headquarters. Accordingly, our Badcock segment is subject to all of the risks associated with owning real estate. In particular, the value of our Badcock segment's real estate assets could decrease, and the operating costs for such real estate could increase, because of changes in the investment climate for real estate, demographic trends and, in the case of its store locations, supply or demand for the use of such stores, which may result from competition from similar stores in the area. Additionally, our Badcock segment is subject to potential liability for environmental conditions on the property that it owns. In the case of owned stores, if any such store is not profitable, and we decide to close it, we may be required to record an impairment charge and /or exit costs associated with the disposal of such store. Our Badcock segment's failure to operate its dealer network in a manner which remains outside the purview of federal and state franchise laws may adversely affect its and our business, prospects, results of operations, financial condition and cash flows. As operated now, our Badcock segment's dealer program is not a franchise subject to franchise laws and regulations enacted by a number of states and rules promulgated by the U. S. Federal Trade Commission (collectively, the " Franchise Laws "). However, if the relationship between our Badcock segment and its dealers should be deemed to constitute a franchise under the Franchise Laws or otherwise violate one or more of the Franchise Laws, our Badcock segment's and our operations could be negatively affected including requiring our Badcock segment to incur substantial additional costs which could adversely affect its and our business, prospects, results of operations, financial condition and cash flows. Additionally, our Badcock segment could face the prospect that discontented dealers could use such violations as the basis for seeking to terminate its dealership agreement or to initiate claims against our Badcock segment for alleged prior failure to comply with the Franchise Laws. Our Badcock segment may also face enforcement actions by the U. S. Federal Trade Commission and state governmental agencies, which may seek fines and other remedies available to these agencies under such Franchise Laws. If our Badcock segment's dealer program were determined to be a franchise subject to the Franchise Laws, as a franchisor, our Badcock segment would be more susceptible to the risk of adverse legislation or regulations being enacted in the future and we cannot predict how existing or future laws or regulations will be administered or interpreted. Additionally, we cannot predict the amount of future expenditures that may be required in order to comply with any such laws or regulations. Companies that operate franchise systems may be subject to claims arising out of violations of laws and regulations at their franchised locations, including, without limitation, for allegedly being a joint employer with a franchisee. Litigation may lead to a decline in the sales and operating results of our Badcock segment's stores and divert management resources regardless of whether the allegations in such litigation are valid or whether our Badcock segment is liable. Our Badcock segment's consumer financing business is in an industry that is highly regulated. Existing and new laws and regulations could have a material adverse effect on Badcock and adversely affect the Badcock segment's and our business, prospects, results of operations, financial condition and cash flows and failure to comply with~~

these laws and regulations could subject **our** Badcock **segment** and us to various fines, civil penalties and other relief. Our Badcock segment's consumer financing business is subject to extensive regulation, supervision and licensing under various federal, state, and local statutes, ordinances, regulations, rules and guidance. We must comply with federal laws, such as The Truth In Lending Act and Regulation Z, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act, The Gramm- Leach- Bliley Act and Regulation P, and Title X of the Dodd- Frank Act, among others. In addition, the **Consumer Financial Protection Bureau (the "CFPB")** has regulatory and enforcement powers over providers of consumer financial products and services under many federal consumer protection laws and regulations. Included in the CFPB's authority is the power to prohibit unfair, deceptive or abusive acts or practices ("UDAAP") and to investigate and penalize financial institutions. In addition to assessing financial penalties, the CFPB can require remediation of practices, pursue administrative proceedings or litigation and obtain cease and desist orders (which can include orders for restitution or rescission or reformation of contracts). Also, if a company has violated Title X of the Dodd- Frank Act or related CFPB regulations, the Dodd- Frank Act empowers state ~~attorneys-~~ **attorney** general and state regulators to bring civil actions to remedy violations. In addition, state attorneys general and / or other state regulators have the authority to prohibit unfair and deceptive acts and practices under state law ("UDAP"), as well as a wide variety of state consumer protection laws and regulations. If the CFPB or state attorneys general or state regulators believe that our Badcock segment has violated any laws or regulations, they could exercise their enforcement powers which could adversely affect our Badcock segment's and our business, prospects, results of operations, financial condition and cash flows. Accordingly, regulatory requirements, and the actions our Badcock segment must take to comply with regulations, vary considerably by jurisdiction. Managing this complex regulatory environment requires considerable compliance efforts. It is costly to operate in this environment, and it is possible that those costs will increase materially over time. This complexity also increases the risks that our Badcock segment will fail to comply with regulations which could adversely affect our Badcock segment's and our business, prospects, results of operations, financial condition and cash flows. These regulations affect our Badcock segment's business in many ways, and include regulations relating to: • the terms of consumer loans (such as interest rates, finance and other charges, fees, durations, repayment terms, maximum loan amounts, renewals and extensions and repayment plans), the number and frequency of loans and reporting and use of state- wide databases; • underwriting requirements; • collection and servicing activity, including initiation of payments from consumer accounts; • licensing, reporting and document retention; • unfair, deceptive and abusive acts and practices and discrimination; • disclosures, notices, advertising and marketing; • requirements governing electronic payments, transactions, signatures and disclosures; • privacy and use of personally identifiable information and consumer data, including credit reports; and • posting of fees and charges. There are a range of penalties that governmental entities could impose if our Badcock segment fails to comply with the various laws and regulations that apply to its business, including: • ordering corrective actions, including changes to compliance systems, product terms and other business operations; • imposing fines or other monetary penalties, which could be substantial; • ordering restitution, damages or other amounts to customers, including multiples of the amounts charged; • requiring disgorgement of revenues or profits from certain activities; • imposing cease and desist orders, including orders requiring affirmative relief, targeting specific business activities; • subjecting Badcock's operations to monitoring or additional regulatory examinations during a remediation period; • revoking licenses required to operate in particular jurisdictions; and / or • ordering the closure of one or more stores. Accordingly, if our Badcock segment fails to comply with applicable laws and regulations, it could adversely affect our Badcock segment's and our business, prospects, results of operations, financial condition and cash flows. Unfavorable publicity or consumer perception of our services, products and any similar products distributed by other companies could have a material adverse effect on our reputation, which could result in decreased sales and significant fluctuations in our business, financial condition and results of operations. We depend significantly on consumer perception regarding the safety and quality of our products, as well as similar products distributed by other companies. Consumer perception of products can be significantly influenced by adverse publicity in the form of published scientific research, national media attention or other publicity, whether or not accurate, that associates consumption of our Vitamin Shoppe segment's products or any other similar products with illness or other adverse effects, or questions the benefits of our or similar products or that claims that any such products are ineffective. A new product may initially be received favorably, resulting in high sales of that product, but that sales level may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to our Vitamin Shoppe segment's industry or any of its particular products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on our ability to generate sales within our Vitamin Shoppe segment. Our Vitamin Shoppe and Pet Supplies Plus segments sell food, dietary supplement, topical products and / or pet products containing cannabidiol ("CBD"), which is a cannabinoid derived from the cannabis plant. There is significant uncertainty regarding the legal status of CBD and other hemp-based products in the U. S. In addition, the **Food and Drug Administration ("FDA")** currently prohibits the sale of foods and dietary supplements containing **certain** CBD, which could subject our Vitamin Shoppe and Pet Supplies Plus segments to regulatory enforcement action. Products that contain CBD are subject to various state and federal laws regarding the production and sale of hemp- based products. Historically, the Drug Enforcement Administration ("DEA") considered CBD to be a Schedule I controlled substance subject to the Controlled Substances Act ("CSA") under the definition for "marijuana." However, the Agriculture Improvement Act of 2018 (the "2018 Farm Bill") removed "hemp" from the definition of "marijuana." "Hemp" is defined as the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol ("THC") concentration of not more than 0.3 percent on a dry weight basis. As a result of the enactment of the 2018 Farm Bill, we believe that our Vitamin Shoppe segment's CBD products and the hemp from which they are derived are not Schedule I controlled substances under the CSA. However, there is a risk that we could be subject to DEA enforcement action, including prosecution, if any of our Vitamin Shoppe segment's products are determined to not meet the definition of "

hemp ” and to constitute “ marijuana ” based on THC levels or other violations. In addition, although hemp and hemp- derived CBD are no longer controlled substances subject to regulation under the CSA, the FDA has stated publicly that it is nonetheless unlawful under the Federal Food, Drug, and Cosmetic Act (“ FDCA ”) to market foods or dietary supplements containing CBD, even if lawful under the 2018 Farm Bill. Specifically, the FDCA prohibits the introduction or delivery for introduction into interstate commerce of any food or dietary supplement that contains an approved drug or a drug for which substantial clinical investigations have been instituted and made public, unless a statutory exemption applies. The FDA has stated its conclusion that this statutory prohibition applies and none of the exceptions has been met for CBD. The FDA has held public meetings and formed an internal working group to evaluate the potential pathways to market for CBD products, which could include seeking statutory changes from Congress or promulgating new regulations. If legislative action is necessary, such legislative changes could take years to finalize and may not include provisions that would enable our Vitamin Shoppe and Pet Supplies Plus segments to produce, market and / or sell CBD products, and FDA could similarly take years to promulgate new regulations. Additionally, while the agency’ s enforcement focus to date has primarily been on CBD products that are associated with therapeutic claims, the agency has recently issued warning letters to companies marketing CBD products without such claims, and there is a risk that FDA could take enforcement action against our Vitamin Shoppe and Pet Supplies Plus segments, their third- party contract manufacturers or suppliers, or those marketing similar products, which could limit or prevent these segments from marketing CBD products. While the FDA announced on March 5, 2020 that it is currently evaluating a risk- based enforcement policy for CBD to provide more clarity to industry and the public while the agency takes potential steps to establish a clear regulatory pathway, it remains unclear whether or when FDA will ultimately issue such an enforcement policy. Moreover, local, state, federal, and international CBD, hemp and cannabis laws and regulations are rapidly changing and subject to evolving interpretations, which could require our Vitamin Shoppe and Pet Supplies Plus segments to incur substantial costs associated with compliance requirements or alteration of certain aspects of their business plan in the event that its CBD products become subject to new restrictions. In addition, violations of these laws, or allegations of such violations, could disrupt the businesses and result in a material adverse effect on their operations. We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our Vitamin Shoppe and Pet Supplies Plus segments’ activities in the hemp and CBD industry. The constant evolution of laws and regulations may require these segments to incur substantial costs associated with legal and compliance fees and ultimately require them to alter their current business plans. Disruptions at our American Freight, Pet Supplies Plus, Badcock, and Vitamin Shoppe segments’ warehouses and distribution facilities or at our contract manufacturers’ manufacturing facilities could materially and adversely affect our business, financial condition, results of operations and customer relationships. Any significant disruption in our segments’ warehouse and distribution facilities or at any contract manufacturers’ manufacturing facilities for any reason, including regulatory requirements, and FDA determination that the contract manufacturers’ facility is not in compliance with the cGMP regulations, the loss of certifications, power interruptions, destruction of or damage to facilities, unexpected delays in delivery or increases in transportation costs (including through increased fuel costs), terrorist attacks, civil unrest, war or the perceived threat thereof, natural disasters could disrupt our contract manufacturers’ ability to manufacture products for our segments and our ability to deliver products to our customers. Any such disruption could have a material adverse effect on our business. Increases in the price or shortages of supply in connection with products sold by our segments **and increased inflation** could have a material adverse effect on our business. Certain products sold by our segments are composed of certain key raw materials. If the prices of these raw materials were to increase significantly, including but not limited to the impact of higher interest rates **or inbound freight costs**, it could result in a significant increase to us in the prices charged to us for our segments’ own branded products and third- party products. Raw material prices may increase in the future and we may not be able to pass on those increases to customers who purchase our products. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our business. **Additionally, inflation rates have increased and may continue to rise. Our suppliers have raised their prices and may continue to raise prices that we may not be able to pass on to our customers. This may adversely affect our business, including our competitive position, market share, revenues, and profit**. We may experience product recalls, withdrawals or seizures, which could materially and adversely affect our business. We may be subject to product recalls, withdrawals or seizures if any of the products we sell are believed to cause injury or illness or if we are alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of those products. A significant recall, withdrawal or seizure of any of the products we manufacture or sell may require significant management attention, which would likely result in substantial and unexpected costs and may materially and adversely affect our business. Furthermore, a recall, withdrawal or seizure of any of our products may adversely affect consumer confidence in our brands and thus decrease consumer demand for our products. In some cases, we rely on our contract manufacturers and suppliers to ensure that the products they manufacture and sell to us comply with all applicable regulatory and legislative requirements. In general, we seek representations and warranties, indemnification and / or insurance from our contract manufacturers and suppliers. However, even with adequate insurance and indemnification, any claims of non- compliance could significantly damage our reputation and consumer confidence in our products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent us from marketing the products or require us to recall or remove such products from the market, which in certain cases could materially and adversely affect our business, financial condition and results of operations. The success of our segments is dependent on factors affecting consumer spending that are not under our control. Consumer spending is affected by general economic conditions and other factors including levels of employment, disposable consumer income, prevailing interest rates, consumer debt and availability of credit, costs of fuel, inflation, recession and fears of recession, war and fears of war, pandemics (such as the COVID- 19 pandemic), inclement weather, tariff policies, tax rates and rate increases, timing of receipt of tax refunds, consumer confidence

in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. Unfavorable changes in factors affecting discretionary spending could reduce demand for our products and services resulting in lower revenue and negatively impacting our business and financial results. If our segments are unable to compete effectively with the growing e-commerce sector, our business and results of operations may be materially adversely affected. With the continued expansion of Internet use, as well as mobile computing devices and smartphones, competition from the e-commerce sector continues to grow. There can be no assurance we will be able to **compete effectively on our existing e-commerce platform or** grow our e-commerce operations in a profitable manner. Certain of our competitors, and a number of e-commerce retailers, have established e-commerce operations against which we compete for customers. It is possible that the increasing competition from the e-commerce sector may reduce our market share, gross and operating margins, and may materially adversely affect our business and results of operations in other ways. If our ~~Vitamin Shoppe, Pet Supplies Plus, Badock, American Freight, and Buddy's~~ segments do not successfully manage their inventory levels, our operating results will be adversely affected. We must maintain sufficient inventory levels to operate our business successfully. However, we also must avoid accumulating excess inventory as we seek to minimize out-of-stock levels across all product categories and to maintain in-stock levels. We continue to rely on and obtain significant portions of our inventory from vendors located outside the United States. Some of these vendors often require us to provide lengthy advance notice of our requirements in order to be able to supply products in the quantities we request. This usually requires us to order merchandise and enter into purchase order contracts for the purchase and manufacture of such merchandise, well in advance of the time these products will be offered for sale. As a result, we may experience difficulty in responding to a changing retail environment, which makes us vulnerable to changes in price and consumer preferences. If we do not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, our inventory levels will not be appropriate, and our results of operations may be negatively impacted. Our success is tied to the growth and effective operations of our Company-owned locations, franchises and dealers, and the franchise and dealer operations could adversely affect our business. Our financial success depends on how effectively we operate our Company-owned locations and how our franchisees and dealers operate and develop their businesses. We do not exercise direct control over the day-to-day operations of our franchises and dealers, and our franchisees and dealers may not operate their businesses in a manner consistent with our philosophy and standards and may not increase the level of revenues generated compared to prior years. Our growth and revenues may, therefore, be adversely affected. There can be no assurance that the training programs and quality control procedures we have established will be effective in enabling franchisees and dealers to run profitable businesses or that we will be able to identify problems or take corrective action quickly enough. In addition, failure by a franchisee or dealer to provide service at acceptable levels may result in adverse publicity that can materially adversely affect our reputation and ability to compete in the market in which the franchisee or dealer is located. If our franchisees or dealers fail to open locations in new territories or if they are not successful in operating their new locations, our franchise-related revenue and results of operation will be adversely affected. Each year, we anticipate adding locations to our franchise and dealer system, but the opening of these locations depends on the purchase of additional territories by our franchisees and the opening of offices in territories previously purchased and newly purchased. Many factors go into opening a new location, including obtaining a suitable location, the availability of sufficient start-up capital, and the ability to recruit qualified personnel to work in new locations. If a significant number of locations that we expect to be open, fail to open, are delayed, or open in unsuitable locations or with insufficient personnel, the revenue we expect to receive from royalty payments and the repayment of indebtedness to us by our franchisees and dealers will be adversely affected. We may be held responsible by third parties, regulators, or courts for the action of, or failure to act, by our franchisees and dealers and their employees which could ~~be~~ expose us to possible fines, other liabilities, bad publicity or damage to our brands. We grant our franchisees and dealers a limited license to use our registered service marks and, accordingly, there is risk that one or more of the franchisees or dealers may be identified as being controlled by us. Third parties, regulators, or courts may seek to hold us responsible for the actions or failures to act by our franchisees and dealers. In recent years, some government agencies have taken the position that the extent to which a franchise system establishes requirements for franchisees may justify treating the franchisor or dealer as if it "controls" the franchisee's or dealer's behavior. Thus, the failure of our franchisees and dealers to comply with laws and regulations may expose us to liability and damages that may have an adverse effect on our business. Our franchisees and dealers operate their businesses under our brands. Because our franchisees and dealers are independent third parties with their own financial objectives, actions taken by them, including breaches of their contractual obligations, and negative publicity associated with these actions, could adversely affect our reputation and brands more broadly. Any actions as a result of conduct by our franchisees and dealers, their employees or otherwise which negatively impacts our reputation and brands may result in fewer customers and lower revenues and profits for us. Disputes with our franchisees or dealers may have a material adverse effect on our business. From time to time, we engage in disputes with some of our franchisees and dealers, and some of these disputes result in litigation or arbitration proceedings. Disputes with our franchisees and dealers may require us to incur significant legal fees, subject us to damages, and occupy a disproportionate amount of management's time. A material increase in the number of these disputes, or unfavorable outcomes in these disputes, may have a material adverse effect on our business. To the extent we have disputes with our franchisees and dealers, our relationships with our franchisees and dealers could be negatively impacted, which could hurt our growth prospects or negatively impact our financial performance. Additionally, to attempt to limit costly and lengthy consumer and other litigation, including class actions, and to provide a streamlined, faster and less expensive method of dispute resolution, some of our segments require customers and employees to sign arbitration agreements and class action waivers, many of which offer opt-out provisions. Recent judicial and regulatory actions have attempted to restrict or eliminate the enforceability of such agreements and waivers. If we are not permitted to use arbitration agreements and / or class action waivers, or if the enforceability of such agreements and waivers is restricted or eliminated, we could incur increased costs to resolve legal actions brought by customers, employees and others as we would be forced to participate in more



expensive and lengthy dispute resolution processes, including class actions. Our operating results depend on the effectiveness of our marketing and advertising programs and franchisee or dealer support of these programs. Our revenues are heavily influenced by brand marketing and advertising. If our marketing and advertising programs are unsuccessful, we may fail to retain existing customers and attract new customers, which could limit the growth of our revenues or profitability or result in a decline in our revenues or profitability. Moreover, because franchisees and dealers are required to pay us marketing and advertising fees based on a percentage of their revenues, our marketing fund expenditures are dependent upon sales volumes of our franchisees and dealers. The support of our franchisees and dealers is critical for the success of our marketing programs and any new strategic initiatives we seek to undertake. While we can mandate certain strategic initiatives through enforcement of our franchise agreements, we need the active support of our franchisees and dealers if the implementation of our marketing programs and strategic initiatives is to be successful. Although certain actions are required of our franchisees and dealers under the franchise agreements, there can be no assurance that our franchisees or dealers will continue to support our marketing programs and strategic initiatives. The failure of our franchisees and dealers to support our marketing programs and strategic initiatives would adversely affect our ability to implement our business strategy and could have a material adverse effect on our business, financial condition, and results of operations. The lines of business in which we operate involve substantial litigation, and such litigation may damage our reputation or result in material liabilities and losses. We have been named, from time to time, as a defendant in various legal actions, including arbitration, class- actions, and other litigation arising in connection with our various business activities. We are currently involved in a class- action lawsuit, in which we are vigorously defending ourselves. There can be no assurance, however, that we will not have to pay significant damages or amounts in settlement above insurance coverage. Adverse outcomes related to litigation could result in substantial damages and could materially affect our liquidity and capital resources and cause our net income to decline or may require us to alter our business operations. Failure to pay any material judgment would be a default under our credit facilities. Negative public opinion can also result from our actual or alleged conduct in such claims, possibly damaging our reputation, which could negatively impact our financial performance and could cause the value of our stock to decline. **See Refer to “ Note 14-15 – Commitments and Contingencies ”** in the Notes to the Consolidated Financial Statements. If we fail to protect or fail to comply with laws and regulations related to our customers’<sup>1</sup> **personal information**, we may face significant fines, penalties, or damages and our brands and reputation may be harmed. We are subject to various federal and state laws related to the use of and protection of customer personal information, including but not limited, California Consumer Privacy Act (“ CCPA ”), **which became effective January 1, 2020, as amended by the California Privacy Rights Act (“ CPRA ”), which became effective as of January 1, 2023,** the Gramm- Leach- Bliley Act and other **laws and regulations enacted by the** Federal Trade Commission (“ FTC ”). We rely on technology in virtually all aspects of our business. Like those of many large businesses, certain of our information systems have been subject to computer viruses, malicious ~~codes-~~ **code**, unauthorized access, phishing efforts, denial- of- service attacks and other cyber- attacks and we expect to be subject to similar attacks in the future as such attacks become more sophisticated and frequent. A significant disruption or failure of our technology systems could result in service interruptions, safety failures, security events, regulatory compliance failures, an inability to protect information and assets against unauthorized users, and other operational difficulties. Attacks perpetrated against our systems could result in loss of assets and critical information and expose us to remediation costs and reputational damage. We and our franchisees manage highly sensitive client information in our operations, and although we have established security procedures to protect against identity theft and require our franchisees to do the same, a security incident resulting in breaches of our customers’<sup>2</sup> **privacy** may occur. Our computer systems are subject to penetration and our data protection measures may not prevent unauthorized access to sensitive client information. Threats to our systems, our franchisees systems, or associated third parties’<sup>3</sup> **systems** can derive from human error, fraud, or malice on the part of employees or third parties, or may result from accidental technological failure. If the measures we have taken prove to be insufficient or inadequate or if our franchisees fail to meet their obligations in this area, we and our franchisees may become subject to litigation or administrative sanctions, which could result in significant fines, penalties, or damages and harm to our brands and reputation, which in turn could negatively impact our ability to retain our customers. Moreover, although we have some insurance that may defray the cost, the cost of remediating any breach resulting from a cybersecurity incident or other breach of the privacy of customer information would likely be substantial. Furthermore, we may be required to invest additional resources to protect us against damages caused by these actual or perceived disruptions or security breaches in the future. We could also suffer harm to our reputation from a security breach or inappropriate disclosure of customer information. Changes in these federal and state regulatory requirements could result in more stringent requirements and could result in a need to change business practices, including how information is disclosed. These changes could have a material adverse effect on our business, financial condition, and results of operations. Moreover, a significant security breach or disclosure of customer information could so damage our brands and reputation that demand for the services that are provided by us and our franchisees may be reduced. Although we have taken steps intended to mitigate these risks, a significant disruption or cyber intrusion could adversely affect our results of operations, financial condition and liquidity. If we become victim to a security breach resulting in third- party access to customer’ s personal information which we host, collect, use and retain, this could have a material adverse effect on the demand for our services and products, our reputation, and cause material losses. **We share these These risks with apply to** all of our business segments. If we or our franchisees or dealers fail to comply with marketing and advertising laws, including with regard to direct marketing we may face significant damages. We rely on a variety of marketing techniques, including telemarketing, email and social media marketing and postal mailings, and we are subject to various laws and regulations in the U. S. and internationally that govern marketing and advertising practices. The retention of customers by our business and franchisees and dealers, and our ability to attract additional franchisees and dealers, depends on the use of these marketing techniques to contact customers and potential franchisees and dealers. However, the Telephone Consumer Protection Act (“ TCPA ”) imposes significant restrictions on the ability to utilize telephone calls and text messages to mobile telephone

numbers as a means of communication, when the prior consent of the person being contacted has not been obtained. Violations of the TCPA may be enforced by individual customers through class- actions, and statutory penalties for TCPA violations range from \$ 500 to \$ 1, 500 per violation. If we fail to ensure that our own telemarketing and telemarketing efforts are TCPA compliant, or if our franchisees or dealers fail to do so and we are held responsible for their behavior, we may incur significant damages. Compliance with governmental regulations or newly enacted laws could increase our costs significantly and adversely affect our operating income and financial results. The products and services offered by our business segments are subject to federal laws and regulation by one or more federal agencies, including but not limited to the FDA, the **FTC Federal Trade Commission**, the CFPB, the United States Department of Agriculture and the Environmental Protection Agency. These activities are also regulated by various state, local and international laws and agencies of the states and localities in which our products or services are provided. Regulations may prevent or delay the introduction, or require the reformulation, of our products or services, which could result in lost sales and increased costs to us. For example, the FDA may not accept the evidence of safety for any new ingredients that our Vitamin Shoppe segment may want to market, may determine that a particular ingredient is not a legal dietary ingredient under the FDCA, may determine that a particular product or product ingredient presents an unacceptable health risk, may determine that a particular statement of nutritional support on our products, or that we want to use on our products, is an unacceptable drug claim or an unauthorized version of a food “ health claim. ” The FDA or FTC may determine that particular claims are not adequately supported by available scientific evidence. The FDA may also determine that our Vitamin Shoppe segment’ s CBD- containing food and dietary supplement products are unlawful and may issue an enforcement action against us. Any such regulatory determination would prevent us from marketing particular products or using certain statements on those products or force us to recall a particular product and be subject to additional enforcement or penalties, which could adversely affect our sales of those products. Additionally, our rental business unit is subject to various federal and state including consumer protection statutes, such as a grace period for late fees and certain contract reinstatement rights. Moreover, many states have passed laws that regulate rental purchase transactions as separate and distinct from credit sales. Specific rental purchase laws generally require certain contractual and advertising disclosures. Any failure of our Buddy’ s segment to comply with such laws could have a material adverse effect on our business. The CCPA **requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt- out of certain sales of personal information. We collect internal and customer data, including personally identifiable information for a variety of important business purposes, including managing our workforce and providing requested products and services. The CCPA required us to modify our data processing practices and policies at our Pet Supplies Plus, Vitamin Shoppe, Sylvan and American Freight segments, as a result of which we may incur substantial costs and expenses in an effort to comply. Further, the CPRA, which became effective on January 1, 2020-2023 and requires covered companies (with certain provisions having retroactive effect to provide new disclosures January 1, 2022), created additional obligations with respect to processing and storing personal information of California consumers , and afford such consumers new abilities to opt- out of certain sales of personal information. We collect internal and customer data, including personally identifiable information for a variety of important business purposes, including managing our workforce and providing requested products and services. The effects of the CCPA and CPRA are potentially significant and required- require us to modify our data processing practices and policies which at our Pet Supplies Plus, Vitamin Shoppe, Sylvan and American Freight segments, as a result , of which we may incur substantial costs and expenses in an effort to comply. Additionally The effects of the CCPA are potentially significant and require us to modify our data processing practices and policies which as a result, Colorado, Connecticut, Utah, we may incur substantial costs and expenses in an and effort to comply Virginia have adopted comprehensive privacy laws, and other jurisdictions have adopted or may in the future adopt their own, different privacy laws .** We may also from time to time be subject to, or face assertions that we are subject to, additional obligations relating to personal data by contract or due to assertions that self- regulatory obligations or industry standards apply to our practices. There may be additional regulatory actions or enforcement priorities, or new interpretations of existing requirements that differ from ours, which could impose unanticipated limitations or require changes to our business. Any developments of this nature could increase our costs significantly and could have a material adverse effect on our business, financial condition and results of operations. We may be subject to product liability claims if people or properties are harmed by the products we sell or the services we offer. Some of the products we sell may expose us to product liability claims relating to personal injury, death, or property damage caused by such products, and may require us to take actions such as product recalls. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on commercially reasonable terms, or at all. Our Vitamin Shoppe segment, in particular, as a retailer and direct marketer of products designed for human consumption, is subject to product liability claims if the use of its products is alleged to have resulted in injury or to include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. In addition, third- party manufacturers produce many of the products we sell which may expose us to product liability claims for products we do not manufacture. While we attempt to manage these risks by obtaining **insurance and** indemnification agreements from the manufacturers of products that we sell **and insurance**, third parties may not satisfy their indemnification obligations to us and / or our insurance policies may not be sufficient or available. A product liability claim against us, whether with respect to products of a third- party that we sell or our branded products, could result in increased costs and could adversely affect our reputation with our customers, which in turn could materially adversely affect our business, financial condition and results of operations. Our failure to protect our intellectual property rights may harm our competitive position, and litigation to protect our intellectual property rights or defend against third- party allegations of infringement may be costly. We regard our intellectual property as critical to the success of our business. Third parties may infringe or misappropriate our brand names, trademarks or other intellectual property rights, which could have a material adverse effect on our business, financial condition, or operating results. The actions we take to protect our

trademarks and other proprietary rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. There are no assurances that we will be able to prevent infringement of our intellectual property rights or misappropriation of our proprietary information. Any infringement or misappropriation could harm any competitive advantage we currently derive or may derive from our proprietary rights. In addition, third parties may assert infringement claims against us. Any claims and any resulting litigation could subject us to significant liability for damages. An adverse determination in any litigation of this type could require us to design around a third-party's patent or to license alternative technology from another party. Litigation is time-consuming and expensive to defend and could result in the diversion of our time and resources. Any claims from third parties may also result in limitations on our ability to use the intellectual property subject to these claims. Our business relies on technology systems and electronic communications, which, if disrupted, could materially affect our business. We depend heavily upon our information technology systems in the conduct of our business. We develop, own and license or otherwise contract for sophisticated technology systems and services. If we experience significant disruptions to our systems, we could experience a loss of business, which could have a material adverse effect on our business, financial condition, and results of operations. Any data breach or severe disruption of our network or electronic communications could have a material adverse effect on our business, financial condition, and results of operations. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner. If we are unable to secure our customers' personal and confidential information, or other private data relating to our associates, suppliers or our business, we could be subject to negative publicity, costly government enforcement actions or private litigation and increased costs, which could damage our business reputation and adversely affect our results of operations or business. Many of our information technology systems, such as those we use for our point-of-sale, web and mobile platforms, including online and mobile payment systems, and for administrative functions, including human resources, payroll, accounting, and internal and external communications, contain personal, financial or other information that is entrusted to us by our customers and associates. Many of our information technology systems also contain proprietary and other confidential information related to our business and suppliers. Although we have developed procedures, employee training and technology in place to safeguard our customers' personal information, our associates' private data, suppliers' data, and our business records and intellectual property and other sensitive information, we may nevertheless, be vulnerable to, and unable to anticipate, detect and appropriately respond to, data security breaches and data loss, including cyber-security attacks. To date, we have not experienced a material **information security** data breach, however, if we or any third-party systems we use experience a data security breach, we could be exposed to negative publicity, reputational risk with our customers, government enforcement actions and private litigation, in addition to the potential of significant capital investments and other expenditures to remedy cybersecurity problems and prevent future security breaches. These costs, which could be material, could adversely impact our results of operations in the period in which they are incurred and may not meaningfully limit the success of future attempts to breach our information technology systems. If we fail to retain our key senior management personnel or are unable to attract and retain highly skilled and other key personnel, our financial performance could be materially adversely affected. We depend on our senior management and other key or highly skilled personnel. The loss of any of our executive officers or other key employees or the inability to hire, train, retain, and manage qualified personnel, could harm our business. If we and our franchisees and dealers are unable to attract and retain qualified employees, our financial performance could be materially adversely affected. Both we and our franchisees and dealers depend on the ability to find, hire and retain qualified employees to manage day-to-day business activities. Our operating subsidiaries also need qualified and competent personnel in executing their business plans and serving their customers. Our inability to recruit and retain qualified and competent managers and personnel could have a material adverse effect on our business, financial condition and results of operations. Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for certain disputes between us and our stockholders, which may limit a stockholder's ability to bring a claim in a judicial forum that it finds preferable for disputes with us and our directors, officers or other employees. Our Certificate of Incorporation provides that, unless we otherwise determine, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our Certificate of Incorporation or Bylaws, or any action asserting a claim governed by the internal affairs doctrine. This forum selection provision does not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any claim for which the federal courts have exclusive jurisdiction. This forum selection provision may limit a stockholder's ability to bring a claim that is not arising under the Securities Act or the Exchange Act, in a judicial forum (other than in a Delaware court) that it finds preferable for disputes with us or any of our directors, officers or other employees, which may discourage lawsuits with respect to such claims and result in increased costs for stockholders to bring a claim. If a court were to find this forum selection provision to be inapplicable or unenforceable in an action, we may incur additional costs or business interruption associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition. Our stock price has been extremely volatile, and investors may be unable to resell their shares at or above their acquisition price or at all. Our stock price has been, and may continue to be, subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including, but not limited to: • actual or anticipated variations in our operating results from quarter to quarter; • actual or anticipated variations in our operating results and financial performance from the expectations of

securities analysts and investors; • if analysts do not publish research or reports about our business or if they publish misleading or unfavorable research or reports about our business; • actual or anticipated variations in our operating results from our competitors; • fluctuations in the valuation of companies perceived by investors to be comparable to us; • sales of common stock or other securities by us or our stockholders in the future; • certain non-compliance, fraud and other misconduct by our franchisees, dealers, and / or employees; • departures of key executives or directors; • announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, financing efforts or capital commitments; • delays or other changes in our expansion plans; • failure to maintain adequate internal controls; • involvement in litigation (including securities class action litigation) or governmental investigations or enforcement activity; • stock price and volume fluctuations attributable to inconsistent trading volume levels of our shares; • general economic, stock market and market conditions in our industry and the industries of our customers; • regulatory or political developments; • global pandemics (such as the ongoing COVID- 19 pandemic); and • capital markets and trading markets fluctuations. Although we may desire to continue to pay dividends in the future, our financial condition, debt covenants, or Delaware law may prohibit us from doing so. The payment of dividends will be at the discretion of our Board of Directors and will depend, among other things, on our earnings, capital requirements, and financial condition. Our ability to pay dividends will also be subject to compliance with financial covenants that are contained in our credit facility and may be restricted by any future indebtedness that we incur or issuances of preferred stock. In addition, applicable law requires our Board of Directors to determine that we have adequate surplus prior to the declaration of dividends. Although we expect to pay a quarterly cash dividend to holders of our common stock, we have no obligation to do so, and our dividend policy may change at any time without notice to our stockholders. We cannot provide an assurance that we will continue to pay dividends at any specific level or at all. Anti- takeover provisions in our charter documents, Delaware law, and our credit facility could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management, and adversely affect the value of our common stock. Provisions in our second amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. In addition, our credit facility contains covenants that may impede, discourage, or prevent a takeover of us. For instance, upon a change of control, we would default on our credit facility. As a result, a potential takeover may not occur unless sufficient funds are available to repay our outstanding debt. Provisions in our bylaws and credit facility may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. Any provision of our amended and restated certificate of incorporation and bylaws or our debt documents that has the effect of delaying or deterring a change of control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect our stock value if they are viewed as discouraging takeover attempts in the future.