

## Risk Factors Comparison 2025-03-06 to 2024-03-07 Form: 10-K

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The following discussion of risk factors contains forward- looking statements. These risk factors may be important to understanding any statement in this annual report on Form 10- K or elsewhere. The following information should be read in conjunction with Part II, Item 7. “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” (MD & A), and the consolidated financial statements and related notes in Part II, Item 8. “ Financial Statements and Supplementary Data ” of this annual report on Form 10- K. We routinely encounter and address risks, some of which may cause our future results to be different – sometimes materially different – than we presently anticipate. The following factors, as well as others described elsewhere in this report or in our other filings with the SEC, that could materially affect our business, financial condition or operating results should be carefully considered. Below, we describe certain important operational and strategic risks and uncertainties, but they are not the only risks we face. Our reactions to material future developments, as well as our competitors’ reactions to those developments, may also impact our business operations or financial results. If any of the following risks actually occur, our business, financial condition or operating results may be adversely affected. Risks Related to Our Business We face significant competition from national, regional and local retailers of home furnishings. The retail market for home furnishings is highly fragmented and intensely competitive. We currently compete against a diverse group of retailers, including internet- only retailers, regional or independent specialty stores, dedicated franchises of furniture manufacturers and national department stores. In addition, there are few barriers to entry into our current and contemplated markets, and new competitors may enter our current or future markets at any time. Our existing competitors or new entrants into our industry may use a number of different strategies to compete against us, including aggressive advertising, pricing and marketing, social media campaigns and extension of credit to customers on terms more favorable than we offer. Furthermore, some of our competitors have greater financial resources and larger customer bases than we have, and as a result may have a more advanced multichannel platform, be able to adapt quicker to changes in consumer behavior, have attractive customer loyalty programs, and maintain higher profitability in an aggressive low- pricing environment. Rapidly evolving technologies are altering the manner in which retailers communicate and transact with customers, led by internet- based and multichannel retailers that have made significant investments in recent years, including with pricing technology and shipping capabilities. Competition from any of these sources could cause us to lose market share, revenues and customers; increase expenditures; or reduce prices, any of which could have a material adverse effect on our results of operations. If we fail to successfully anticipate or respond to changes in consumer preferences in a timely manner, our sales may decline. Our products must appeal to our target consumers whose preferences, tastes and trends cannot be predicted with certainty and are subject to change. We continuously monitor changes in home design trends through attendance at international industry events and fashion shows, internal marketing research, and regular communication with our retailers and design professionals who provide valuable input on consumer tendencies. However, as with all retailers, our business is susceptible to changes in consumer tastes and trends. Our success depends upon our ability to anticipate and respond in a timely manner to fashion trends relating to home furnishings. If we fail to successfully identify and respond to these changes, our sales may decline. **Additionally, our business relies on the strategic placement of our store locations. Because our business predominately relies on in- store sales, if our stores are located in areas that do not attract sufficient customer traffic or do not align with the shopping preferences of our customer bases, our sales may be adversely affected.** Our future success is largely dependent on our ability to successfully implement our growth and other strategies. Our future success, including our ability to achieve growth and increased profitability, is dependent on the ability of our management team to execute on our long- term business strategy, which includes: • increasing our retail footprint, • expanding our online presence, • increasing the efficiency and profitability of our operations, • introducing new products in the marketplace, and driving increased traffic to our retail stores and e- commerce site through updated marketing efforts, **and • providing excellent service to our customers.** If any of these initiatives are not successful, or require extensive investment, our growth may be limited, and we may be unable to achieve or maintain expected levels of growth and profitability. Furthermore, our ability to expand our retail footprint is dependent on our ability to identify, secure and develop new retail locations, which involves factors outside of our control. Inability to maintain and enhance our brand may materially adversely impact our business. Maintaining and enhancing our brand is critical to our ability to retain and expand our base of customers and may require us to make substantial investments. Our advertising campaigns utilize digital, television, and social media to maintain and enhance our existing brand equity. We cannot provide assurance that our marketing, advertising, and other efforts to promote and maintain awareness of our brand will be successful and we may incur substantial costs in such efforts. Furthermore, our brand and reputation could be harmed by negative media, including social media, attention, negative online reviews, cybersecurity incidents, product liability or safety concerns or other matters. If our marketing, advertising, and other efforts are unsuccessful or our brand or reputation is damaged, our business, operating results and financial condition could be materially adversely affected. We import a substantial portion of our merchandise from foreign sources. **This, which** exposes us to **certain political and economic risks inherent that include political and economic conditions. Changes in global sourcing** exchange rates or tariffs could impact the price we pay for these goods, resulting in potentially higher retail prices and / or lower gross profit on these goods. Based on product costs, approximately ~~61~~ **58** % of our total furniture purchases (which exclude accessories and mattresses) in ~~2023~~ **2024** were for goods that were not produced domestically. ~~All our~~ **Additionally, some of the products we purchase– purchase from U. S.- based vendors are denominated– sourced, at least in U- part, from foreign suppliers.** ~~S. dollars.~~ ~~As~~ **Therefore, we are subject to risks associated with foreign sourcing of our merchandise, including**

**but not limited to: • existing, new, or increased tariffs and other import measures; • foreign regulations that may impact the availability or cost of supply of our products; • economic uncertainties, including inflation and the financial instability of vendors; • fluctuations in foreign currency exchange rates; between the U. S. dollar and certain • political instability, geopolitical or military conflicts or acts of war, and act of terrorism or violence, • including any related sanctions or other government currencies become unfavorable, the likelihood of price increases from our- or vendors increases private responses .** Some of the products we purchase are also subject to tariffs **and other import measures** . If tariffs are imposed on additional products or the tariff rates are increased, our vendors may increase their prices. Such changes, if they occur, could have one or more of the following impacts: • we could be forced to raise retail prices so high that we are unable to sell the products at current unit volumes; • if we are unable to raise retail prices commensurately with the cost increases, gross profit as recognized under our LIFO inventory accounting method could be negatively impacted; or • we may be forced to find alternative sources of comparable product, which may be more expensive than the current product or of lower quality, or the vendor may be unable to meet our requirements for quality, quantities, delivery schedules or other key terms . **All our purchases are denominated in U. S. dollars. As exchange rates between the U. S. dollar and certain other currencies become unfavorable, the likelihood of price increases from our vendors increases** . We are dependent upon the ability of our third- party producers to meet our requirements; any failures by these producers, or the unavailability of suitable suppliers at reasonable prices or limitations on our ability to source from third- party producers may negatively impact our ability to deliver quality merchandise to our customers on a timely basis or result in higher costs or reduced net sales. We source substantially all of our products from non- exclusive, third- party producers, many of which are located in foreign countries. Although we have long- term relationships with many of our suppliers, we must compete with other companies for the production capacity of these independent manufacturers. We regularly depend upon the ability of third- party producers to secure a sufficient supply of raw materials, develop a skilled workforce, adequately finance the production of goods ordered and maintain sufficient manufacturing and shipping capacity. Although we monitor production and quality in many third- party manufacturing locations, we cannot be certain that we will not experience operational difficulties with our manufacturers, such as the reduction of availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs. Such difficulties may negatively impact our ability to deliver quality products to our customers on a timely basis, which may, in turn, have a negative impact on our customer relationships and result in lower net sales. We also require third- party producers to meet certain standards in terms of working conditions, environmental protection and other matters before placing business with them. As a result of costs relating to compliance with these standards, we may pay higher prices than some of our competitors for products. In addition, failure by our independent manufacturers to adhere to ethical labor or other laws or business practices, and the potential litigation, negative publicity and political pressure relating to any of these events, could disrupt our operations or harm our reputation. Our vendors might fail in meeting our quality control standards or reacting to changes to the legislative or regulatory framework regarding product safety. All of our vendors must comply with applicable product safety laws and regulations, and we are dependent on them to ensure that the products we buy comply with all safety standards as well applicable quality standards. Any actual, potential or perceived product safety concerns could expose us to government enforcement action or private litigation and could result in recalls and other liabilities. Such exposure could harm our brand' s image and negatively affect our business and operating results. Furthermore, concerns around the quality of the products we sell could damage our reputation and result in loss of future revenues. Significant fluctuations in the price, availability and quality of raw materials and components could adversely affect our profits. The primary materials our vendors use to produce and manufacture our products are various woods and wood products, resin, steel, leather, cotton, and certain oil- based products. On a global and regional basis, the sources and prices of those materials and components are susceptible to significant price fluctuations due to supply ~~and~~ demand trends, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, the economic and political climate, and other unforeseen circumstances. **While the global In addition,** supply chain challenges ~~experienced as a result of the COVID-19 pandemic lessened over the past two years, there can be no assurance that further challenges,~~ including shutdowns and shipping delays, ~~will not~~ **can adversely impact** occur-- **our business** . Such supply chain disruptions could ~~affect materially adversely impact~~ the ability of our suppliers to fulfil our orders in a timely manner, if at all, and could lead to increased prices, which we may not be able to pass through to our customers. Our revenue can be adversely affected by our ability to successfully forecast our supply chain needs and our foreign manufacturers' ability to comply with international trade rules and regulations. Optimal product flow is dependent on demand planning and forecasting, supplier production according to such planning, and timely transportation. We often make commitments to purchase products from our vendors in advance of proposed production dates. Significant deviation from the projected demand for products that we sell may have an adverse effect on our results of operations and financial condition, either from lost sales or lower margins resulting from inventory- driven price reductions. Disruptions to our supply chain could result in late product arrivals. Increased levels of out- of- stock merchandise and loss of confidence by customers in our ability to deliver goods as promised could negatively affect sales. In addition, there is a risk that compliance lapses by our foreign manufacturers could occur which could lead to investigations by U. S. government agencies responsible for international trade compliance. Resulting penalties or enforcement actions could delay future imports or otherwise negatively impact our business. There also remains a risk that one or more of our foreign manufacturers will not adhere to applicable legal requirements or our compliance standards such as fair labor standards, the prohibition on child labor and other product safety or manufacturing safety standards. The violation of applicable legal requirements, including labor, manufacturing and safety laws, by any of our manufacturers, the failure of any of our manufacturers to adhere to our global compliance standards or the divergence of the labor practices followed by any of our manufacturers from those generally accepted in the U. S. could : • disrupt our supply of products from our manufacturers, **could** • result in potential liability to us , or **could** • harm our reputation and brand , any . **Any violation** of which **legal requirements**

**by our vendors** could negatively affect our business and operating results. We rely on third party transportation providers for substantially all of our product shipments from our vendors. We rely on third party service providers for substantially all of our product shipments from our vendors, both domestic and foreign, to our DCs and also to handle over-the-road delivery of product from the DCs to our HDCs and some market areas. Our and our vendors' utilization of these shipping services is subject to risks that are outside of our control, including increases in fuel prices and labor costs, employee strikes, labor shortages, strikes and union organizing activity, delays in shipping (including congestion at domestic and foreign ports), delays in unloading cargo from ships, availability of adequate trucking or railway providers, adverse weather, natural disasters, possible acts of terrorism and outbreaks of disease. All of these risks may impact our ability to receive products from our vendors to necessary points in our distribution system in a cost-effective and timely manner. Any increases in these shipping costs may result in higher costs to us, and we may be unsuccessful in passing along these costs to our customers, negatively impacting our margins and profitability. Furthermore, any delays in receiving products may negatively impact our ability to deliver these products to our customers in a timely manner. Failure to make timely customer deliveries or long lead times for products could cause customers to cancel their orders or not place orders, which, could damage our brand and reputation and negatively impact our business, financial condition, operating results and prospects. Because of our limited number of distribution centers, our operating results could suffer if one is damaged. We utilize three large distribution centers to flow our merchandise from the vendor to the consumer. This system is very efficient for reducing inventory requirements but makes us operationally vulnerable should one of these facilities become damaged or experience significant business interruption. If such an interruption were to occur, our ability to deliver our products in a timely manner would likely be impacted. We rely extensively on information technology systems to process transactions, summarize results, and manage our business. Disruptions in our information technology systems could adversely affect our business and operating results. Our ability to operate our business from day to day, in particular our ability to manage our point-of-sale, distribution system and payment information, largely depends on the efficient operation of our computer hardware and software systems. We use management information systems to communicate customer information, provide real-time inventory information, and to handle all facets of our distribution system from receipt of goods in the DCs to delivery to our customers' homes. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, viruses, phishing attempts, cyber-attacks, malware and ransomware attacks, security breaches, severe weather, natural disasters, and errors by employees. The failure of these systems to operate effectively, problems with integrating various data sources, challenges in transitioning to upgraded or replacement systems, difficulty in integrating new systems, or a breach in security of these systems could adversely impact the operations of our business. Though losses arising from some of these issues would be covered by insurance, interruptions of our critical business information technology systems or failure of our back-up systems could result in longer production times or negatively impact customers resulting in damage to our reputation and a reduction in sales. If our critical information technology systems or back-up systems were damaged or ceased to function properly, we might have to make a significant investment to repair or replace them. Successful cyber-attacks and the failure to maintain adequate cyber-security systems and procedures could materially harm our business. Cyber threats are rapidly evolving, and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated. Cyber threats and cyber-attackers, including ransomware attacks, can be sponsored by countries or sophisticated criminal organizations or be the work of single "hackers" or small groups of "hackers." We invest in industry standard security technology to protect the Company's data and business processes against risk of data security breach and cyber-attack. Our data security management program includes identity, trust, vulnerability and threat management business processes as well as adoption of standard data protection policies. We measure our data security effectiveness through industry accepted methods. We are continuously installing new and upgrading existing information technology systems. We use employee awareness training around phishing, malware, and other cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches. We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. Insider or employee cyber and security threats are increasingly a concern for all companies, including ours. Additionally, we certify our major technology suppliers and any outsourced services through accepted security certification standards. Nevertheless, as cyber threats evolve, change and become more difficult to detect and successfully defend against, one or more cyber-attacks might defeat our or a third-party service provider's security measures in the future and could result in the leak of personal information of customers, employees or business partners. Employee error or other irregularities may also result in a failure of our security measures and a breach of information systems. Moreover, hardware, software or applications we use may have inherent defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. A security breach and loss of information may not be discovered for a significant period of time after it occurs. While we have no knowledge of a material security breach to date, any compromise of data security could result in a violation of applicable privacy and other laws or standards, the loss of valuable business data, or a disruption of our business. In addition, the costs to eliminate or alleviate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in potential theft, loss, destruction or corruption of information we store electronically, as well as unexpected interruptions, delays or cessation of service, any of which could cause harm to our business operations. Moreover, a security breach involving the misappropriation, loss or other unauthorized disclosure of sensitive or confidential information could give rise to unwanted media attention, materially damage our customer relationships and reputation, and result in litigation or fines, fees, or potential liabilities, which may not be covered by our insurance policies, each of which could have a material adverse effect on our business, results of operations and financial condition. We may be unable to attract, train, engage and retain key teammates. Our long-term success and ability to implement

our strategic and business planning goals depends on our ability to attract, motivate and retain a sufficient number of store and other employees who understand and appreciate our corporate culture and customers. Turnover in the retail industry is generally high. Excessive employee turnover will result in higher employee costs associated with finding, hiring and training new store employees. Furthermore, labor shortages and competition may make it more difficult for us to adequately staff our retail stores and distribution operations and may result in increased labor expenses to us. If we are unable to hire and retain store and other personnel capable of consistently providing a high level of customer service, our ability to open new stores and service the needs of our customers may be impaired, the performance of our existing and new stores and operations could be materially adversely affected and our brand image may be negatively impacted. We must also be able to attract, motivate and retain the teammates who staff our distribution centers, customer service centers, and deliver product to our customers, and professionals to implement our technology and other strategic initiatives. Our ability to meet our labor needs while controlling labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates, equity compensation, unemployment levels, and health and other insurance costs; the impact of legislation or regulations governing labor and employee relations, immigration, federal and state minimum wage requirements, and benefit costs; changing demographics; and our reputation within the labor market. If we are unable to attract and retain a workforce that meets our needs, our operations, service levels, support functions, and competitiveness could suffer and our results could be adversely affected. A failure to recruit, develop and retain effective leaders or the loss or shortage of personnel with key capacities and skills could impact our strategic growth plans and jeopardize our ability to meet our business performance expectations and growth targets. Our ability to continue to grow our business depends substantially on the contributions and abilities of our executive leadership team and other key management personnel. Changes in senior management could expose us to significant changes in strategic direction and initiatives. A failure to maintain appropriate organizational capacity and capability to support our strategic initiatives or to build adequate bench strength with key skillsets required for seamless succession of leadership, could jeopardize our ability to meet our business performance expectations and growth targets. If we are unable to attract, develop, retain and incentivize sufficiently experienced and capable management personnel, our business and financial results may suffer.

**General Risks** An overall decline in the health of the economy and consumer spending may affect consumer purchases of discretionary items, which could reduce demand for our products and materially harm our sales, profitability and financial condition. Our business depends on consumer demand for our products and, consequently, is sensitive to a number of factors that influence general consumer spending on discretionary items in particular. Factors influencing consumer spending include: • general economic conditions, • consumer disposable income, • fuel prices, • inflation, • recession and fears of recession, • unemployment, • inclement weather, • availability of consumer credit, • consumer debt levels, • conditions in the housing market, • interest rates, • sales tax rates and rate increases, • sustained periods of inflation, • civil disturbances and terrorist activities, • foreign currency exchange rate fluctuations, • consumer confidence in future economic and political conditions, • natural disasters, and • consumer perceptions of personal well-being and security, including health epidemics or pandemics, such as the COVID-19 pandemic. Prolonged or pervasive economic downturns could slow the pace of new store openings or cause current stores to temporarily or permanently close. Adverse changes in factors affecting discretionary consumer spending have reduced and may continue to further reduce consumer demand for our products, thus reducing our sales and harming our business and operating results. Historically, because customers consider home furnishings to be postponable purchases, the home furnishings industry has been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. The rise of oil and gasoline prices could affect our profitability. A significant increase in oil and gasoline prices could adversely affect our profitability. In addition, governmental efforts to combat climate change through reduction of greenhouse gases may result in higher fuel costs through taxation or other means. Our distribution system, which utilizes three DCs and multiple home delivery centers is very transportation dependent and includes the use of third-party providers to reach the 22 states and the District of Columbia that we serve from our stores across 16-17 Southern and Midwestern states. Merchandise is delivered to customers' homes by Haverty's delivery teams. If transportation costs exceed amounts we are able to effectively pass on to the consumer, either by higher prices and / or higher delivery charges, then our profitability will suffer. ESG risks could adversely affect our reputation and shareholder, employee, customer and third-party relationships and may negatively affect our stock price. **Our Businesses**— **business face-faces** increasing public scrutiny related to environmental, social, and governance ("ESG") activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, including with respect to climate change, human capital management, support for our local communities, corporate governance and transparency, or fail to consider ESG factors in our business operations. Additionally, **some** investors and shareholder advocates are placing ever increasing emphasis on how corporations address ESG issues in their business strategy when making investment decisions and when developing their investment theses and proxy recommendations. We may incur meaningful costs with respect to our ESG efforts and if such efforts are negatively perceived, our reputation and stock price may suffer. Pending or unforeseen litigation and the potential for adverse publicity associated with litigation could have a material adverse effect on us. We are involved from time to time in various legal proceedings arising in the ordinary course of our business, including commercial, consumer safety, product liability, employment and intellectual property claims. We currently do not expect the outcome of any pending matters to have a material adverse effect on our consolidated results of operations, financial position or cash flows. Litigation, however, is inherently unpredictable, and it is possible that the ultimate outcome of one or more pending claims asserted against us, or claims that may be asserted in the future that we are currently not aware of, or adverse publicity resulting from any such litigation, could adversely impact our business, reputation, sales, profitability, cash flows and financial condition.