Risk Factors Comparison 2024-02-12 to 2023-02-21 Form: 10-K

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An investment in our common stock involves risks. You should carefully consider the risks summarized here and described more fully below. Risks Related to Our Business and Operations • Our revenues and cash flows will be affected by the success and economic viability of our anchor Neighbors. • A significant percentage of our revenues is derived from non- anchor Neighbors, and our net income and ability to make distributions to stockholders may be adversely affected if these Neighbors are not successful. • We may be unable to sell shopping centers when desired, at an attractive price, or at all, and the sale of a property could cause significant tax payments. • We face competition and other risks in pursuing acquisition opportunities that could increase the cost of such acquisitions and / or limit our ability to grow, and we may not be able to generate expected returns or successfully integrate completed acquisitions into our existing operations. • We share ownership of our unconsolidated joint ventures and do not have exclusive decision- making power, and as such, we are unable to ensure that our objectives will be pursued. • Our real estate assets may decline in value and be subject to significant impairment losses, which may reduce our net income. ~~PHILLIPS EDISON & COMPANYDECEMBER 31, 2022 FORM 10- K7~~ • We actively reinvest in our portfolio in the form of development and redevelopment projects, which have inherent risks that could adversely affect our financial condition, cash flows, and results of operations. • The continued shift in retail sales towards e- commerce may adversely affect our financial condition, cash flows, and results of operations. • Actual incremental unlevered yields for our development and redevelopment projects may vary from our underwritten incremental unlevered yield range. • Pandemics, ~~such as~~ **epidemics, or** ~~the~~ **other health crises** ~~COVID- 19 pandemic, had, and~~ may ~~continue to~~ have ~~,~~ a negative effect on our and our Neighbors' businesses, financial condition, results of operations, cash flows, and liquidity. Risks Related to Our Indebtedness and Liquidity • We have substantial indebtedness, and we may need to incur additional indebtedness, including recourse debt, in the future, which could adversely affect our business, financial condition, and ability to make distributions to our stockholders. Risks Related to Our Corporate Structure and Organization • We and our consolidated subsidiary, the Operating Partnership, entered into tax protection agreements with certain protected partners, which may limit the Operating Partnership' s ability to sell or otherwise dispose of certain shopping centers and may require the Operating Partnership to maintain certain debt levels that otherwise would not be required to operate its business. Risks Related to Our REIT Status and Other Tax Risks • Failure to qualify as a REIT would cause us to be taxed as a regular C corporation, which would substantially reduce funds available for distributions to stockholders. • If the Operating Partnership fails to qualify as a partnership for U. S. federal income tax purposes, we would fail to qualify as a REIT and would suffer adverse consequences. • Complying with REIT requirements may cause us to ~~forego~~ - **forgo** otherwise attractive opportunities or liquidate otherwise attractive investments. Risks Related to Business Continuity • We and our Neighbors face risks relating to cybersecurity attacks, which could cause loss of confidential information and other disruptions to business operations, and compliance with new laws and regulations regarding cybersecurity and privacy may result in substantial costs and may decrease cash available for distributions. Risks Related to Our Common Stock • The market price and trading volume of shares of our common stock may be volatile. • The number of shares of our common stock available for future issuance or sale could adversely affect the market price of our common stock. PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K8~~ **K7** Anchor Neighbors (a Neighbor occupying 10, 000 or more square feet) occupy large stores in our shopping centers, pay a significant portion of the total rent at a property, and contribute to the success of other Neighbors by attracting shoppers to the property. Our revenues and cash flows may be adversely affected by the loss of revenues and additional costs in the event a significant anchor Neighbor: (i) becomes bankrupt or insolvent; (ii) experiences a downturn in its business; (iii) defaults on its lease; (iv) decides not to renew its lease as it expires; (v) renews its lease at lower rental rates and / or requires tenant improvements; or (vi) renews its lease but reduces its store size, which results in down- time and additional tenant improvement costs to us to re- lease the space. Some anchors have the right to vacate their space and may prevent us from re- tenanting by continuing to comply and pay rent in accordance with their lease agreement. Vacated anchor space, including space owned by the anchor, can reduce rental revenues generated by the shopping center in other spaces because of the loss of the departed anchor' s customer drawing power. In the event that we are unable to re- lease the vacated space to a new anchor Neighbor in such situations, we may incur additional expenses in order to re- model the space to be able to re- lease the space to more than one Neighbor. If a significant Neighbor vacates a property, co- tenancy clauses in select lease contracts may allow other Neighbors to modify or terminate their rent or lease obligations. Co- tenancy clauses have several variants: (i) they may allow a Neighbor to postpone a store opening if certain other Neighbors fail to open their stores; (ii) they may allow a Neighbor to close its store prior to lease expiration if another Neighbor closes its store prior to lease expiration; or (iii) they may allow a Neighbor to pay reduced levels of rent until a certain number of Neighbors open their stores within the same shopping center. The leases of some anchor Neighbors may permit the anchor Neighbor to transfer its lease to another retailer. The transfer to a new anchor Neighbor could cause customer traffic in the shopping center to decrease and thereby reduce the potential income generated by that shopping center. A lease transfer to a new anchor Neighbor could also allow other Neighbors to make reduced rental payments or to terminate their leases. A significant percentage of our revenues is derived from non- anchor Neighbors, some of which may be more vulnerable to negative economic conditions as they typically have more limited resources than anchor Neighbors. Significant Neighbor distress across our portfolio could adversely affect our financial condition, results of operations, and cash flows, and our ability to service our debt and make distributions to our stockholders. A property may incur vacancies either by the expiration of a Neighbor lease, the continued default of a Neighbor under its lease, or the early termination of a lease by a Neighbor. In order to maintain occupancy, we may have to offer inducements, such as free rent and tenant improvements, to compete for the right type or mix of non- anchor Neighbors in our shopping centers. In addition, if we are unable to attract additional or replacement Neighbors, the resale value of the property could be diminished, even below our acquisition costs, because the market value of a particular property depends principally upon the value of the cash flows generated by the leases associated with that property. We face considerable competition in the leasing market and may be unable to renew leases or re- lease space as leases expire. Consequently, we may be required to make rent or other concessions and / or incur significant capital expenditures to retain and attract Neighbors, which could adversely affect our financial condition, cash flows, and results of operations. There are numerous shopping venues, including other shopping centers and e- commerce, that compete with our portfolio in attracting and retaining retailers. This competition may hinder our ability to attract and retain Neighbors, leading to increased vacancy rates, reduced rents, and / or increased capital investments. For leases that renew, rental rates upon renewal may be lower than current rates. For those leases that do not renew, we may not be able to promptly re- lease the space on favorable terms or with reasonable capital investments, or at all. In these situations, our financial condition, cash flows, and results of operations could be adversely affected. We may be unable to collect balances due from Neighbors in bankruptcy. The bankruptcy or insolvency of a significant Neighbor or a number of smaller Neighbors may adversely affect our financial condition, cash flows and results of operations, and our ability to pay distributions to our stockholders. Generally, under bankruptcy law, a debtor Neighbor has the legal right to reject any or all of their leases and close related stores. If the Neighbor rejects the lease, we will have a claim against the Neighbor' s bankruptcy estate. Although rent owing for the period between filing for bankruptcy and rejection of the lease may be afforded administrative expense priority and paid in full, pre- bankruptcy arrears and amounts owing under the remaining term of the lease will be afforded general unsecured claim status (absent collateral securing the claim). General unsecured claims are the last claims paid in a bankruptcy, and, therefore, funds may not be available to pay such claims in full. Moreover, amounts owing under the remaining term of the lease will be capped. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. Additionally, we may incur significant expense to recover our claim and to re- lease the vacated space. In the event that a Neighbor with a significant number of leases in our shopping centers files bankruptcy and rejects its leases, we may experience a significant reduction in our revenues and may not be able to collect all pre- petition amounts owed by the bankrupt Neighbor. We may be restricted from leasing space to certain retailers. Some of our leases contain provisions that give a specific retailer the exclusive right to sell particular types of goods or services within that shopping center. These provisions may limit the number and types of prospective retailers to which we are able to lease space in a particular shopping center, which may result in increased costs to find a permissible retailer and decreased revenues if one or more spaces sit vacant or we have to accept lower rental rates or a less qualified retailer to fill the space. PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K9~~ **K8** Our shopping centers, including related tangible and intangible assets, represent the majority of our total consolidated assets, and they may not be readily convertible to cash. As a result, our ability to sell one or more of our shopping centers, including shopping centers held in unconsolidated joint ventures, in response to changes in economic, industry, or other conditions, may be limited. The real estate market is affected by many factors that are beyond our control, including, but not limited to general economic conditions, availability and terms of financing, interest rates, supply and demand for space, and other factors. There may be less demand for lower quality shopping centers that we have identified for ultimate disposition in markets with uncertain economic or retail environments, and where buyers are more reliant on the availability of third- party mortgage financing. If we want to sell a property, we can provide no assurance that we will be able to dispose of it in the desired time period or at all, or that the sale price of a property will be attractive at the relevant time or even exceed the carrying value of our investment. Moreover, if a property is mortgaged, we may not be able to obtain a release of the lien on that property without the payment of a substantial prepayment penalty, which may restrict our ability to dispose of the property, even though the sale might otherwise be desirable. Some of our shopping centers have a low tax basis, which may result in a taxable gain on sale. We intend to utilize tax- deferred exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended ~~,~~ (the " IRC "), to mitigate taxable income (" Section 1031 Exchanges "); however, there can be no assurance that we will identify exchange shopping centers that meet our investment objectives for acquisitions. In the event that we do not utilize Section 1031 Exchanges, we may be required to distribute the gain proceeds to stockholders or pay income tax, which may reduce our cash flows available to fund our commitments and distributions to stockholders. Moreover, it is possible that future legislation could be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or impossible for us to dispose of shopping centers on a tax- deferred basis. We continue to evaluate the market for acquisition opportunities, and we may acquire shopping centers when we believe strategic opportunities exist. Our ability to acquire shopping centers on favorable terms and successfully integrate, operate, reposition, or redevelop them is subject to several risks. We may be unable to acquire a desired property because of competition from other real estate investors, including from other well- capitalized REITs and institutional investment funds. Even if we are able to acquire a desired property, competition from such investors may significantly increase the purchase price. We may also abandon acquisition activities after expending resources to pursue such opportunities. Once we acquire new shopping centers, these shopping centers may not yield expected returns for several reasons, including: (i) failure to achieve expected occupancy and / or rent levels within the projected time frame, if at all; (ii) inability to successfully integrate new shopping centers into existing operations; and (iii) exposure to fluctuations in the general economy, including due to the time lag between signing definitive documentation to acquire a new property and the closing of the acquisition. If any of these events occur, the cost of the acquisition may exceed initial estimates or the expected returns may not achieve those originally contemplated, which could adversely affect our financial condition, cash flows, and results of operations. We have invested capital, and may invest additional capital, in unconsolidated joint ventures (instead of directly acquiring wholly- owned assets), for which we do not have exclusive decision- making power over the development, financing, leasing, management, and other aspects of these investments. As a result, the institutional joint venture partners might have interests or goals that are inconsistent with ours, take action contrary to our interests, or otherwise impede our objectives. Conflicts arising between us and our partners may be difficult to manage and / or resolve and it could be difficult to manage or otherwise monitor the existing business arrangements. In addition, unconsolidated joint venture arrangements may decrease our ability to manage risk and implicate additional risks, such as: (i) potentially inferior financial capacity, diverging business goals and strategies and the need for our venture partners' continued cooperation; (ii) the joint venture partners might become bankrupt, suffer a deterioration in their creditworthiness, or fail to fund their share of required capital contributions; (iii) our inability to take actions with respect to the unconsolidated joint ventures' activities that we believe are favorable to us if our institutional joint venture partners do not agree; (iv) our inability to control the legal entities that have title to the real estate associated with the joint ventures; (v) our lenders may not be easily able to sell our joint venture assets and investments or may view them less favorably as collateral, which could negatively affect our liquidity and capital resources; (vi) our institutional joint venture partners can take actions that we may not be able to anticipate or prevent, which could result in negative impacts on our debt and equity; and (vii) our institutional joint venture partners' business decisions or other actions or omissions may result in harm to our reputation or adversely affect the value of our investments. Our real estate properties are carried at cost less depreciation unless circumstances indicate that the carrying value of these assets may not be recoverable. We routinely evaluate whether there are any impairment indicators, including property operating performance, property occupancy trends, and actual marketing or listing price of properties being targeted for disposition, such that the value of the real estate properties (including any related tangible or intangible assets or liabilities) may not be recoverable. If, through our evaluation, we determine that a given asset exhibits one or more such indicators, we then compare the current carrying value of the asset to the estimated undiscounted cash flows that are directly associated with the use and ultimate disposition of the asset. Our estimated cash flows are based on several key assumptions, including rental rates, costs of Neighbor improvements, leasing commissions, anticipated holding periods, and assumptions regarding the residual value upon disposition, including the estimated exit capitalization rate. These key assumptions are subjective in nature and may differ materially from actual results. Changes in our disposition strategy or changes in the marketplace may PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K10~~ **K9** alter the holding period of an asset or asset group, which may result in an impairment loss and such loss may be material to our financial condition or operating performance. To the extent that the carrying value of the asset exceeds the estimated undiscounted cash flows, an impairment loss is recognized equal to the excess of carrying value over fair value. The fair value of real estate assets is subjective and is determined through the use of comparable sales information and other market data if available. These subjective assessments have a direct effect on our net income because recording an impairment charge results in an immediate negative adjustment to net income, which may be material. During the ~~years~~ - **year** ended December 31, ~~2022~~ **2023** ~~and 2021~~ , we incurred **no** impairment charges ~~of $ 0. 3 million and $ 6. 8 million, respectively, related to real estate assets that were under contract or actively being marketed for sale at a disposition price that was less than the carrying value. We recorded such impairment charges as we sold assets with greater risk to improve the quality of our portfolio~~ . We will continue to evaluate the risk profile of each asset and may potentially recognize impairments in future quarters. Accordingly, there can be no assurance that we will not record ~~additional~~ impairment charges in the future related to our assets. We actively pursue opportunities for outparcel development and existing property redevelopment. Development and redevelopment activities require various government and other approvals for entitlements and any delay in or failure to receive such approvals may significantly delay this process or prevent us from recovering our investment. We are subject to other risks associated with these activities, including the following: • we may be unable to lease developments and redevelopments to full occupancy on a timely basis ; • the occupancy rates and rents of a completed project may not be sufficient to make the project profitable ; • actual costs of a project may exceed original estimates, possibly making the project unprofitable ; • delays in the development or construction process may increase our costs ; • construction cost increases may reduce investment returns on development and redevelopment opportunities ; • we may abandon redevelopment opportunities and lose our investment due to adverse market conditions ; • the size of our development and redevelopment pipeline may strain our labor or capital capacity to complete projects within targeted timelines and may reduce our investment returns ; • a reduction in the demand for new retail space may reduce our future development and redevelopment activities, which in turn may reduce our net operating income ; and / or • changes in the level of future development activity may adversely impact our results from operations by reducing the amount of internal general overhead costs that may be capitalized. Inflationary pressures, rising interest rates, supply chain disruptions, and labor shortages may exacerbate certain of these risks. If we fail to reinvest in our portfolio or maintain its attractiveness to retailers and consumers, if our capital improvements are not successful, or if retailers or consumers perceive that shopping at other venues (including e- commerce) is more convenient, cost-effective, or otherwise more compelling, our financial condition, cash flows, and results of operations could be adversely affected. Adverse economic, regulatory, market, and real estate conditions may adversely affect our financial condition, cash flows, and results of operations. Our portfolio is predominantly comprised of omni- channel neighborhood grocery- anchored shopping centers, and during the year ended December 31, ~~2022~~ **2023** , our holdings in Florida and California accounted for 12. ~~0~~ **2** % and 10. 9 %, respectively, of our ABR (including our wholly- owned portfolio as well as the prorated portion of shopping centers owned through our joint ventures). Therefore, our performance is subject to risks associated with owning and operating neighborhood omni- channel grocery- anchored shopping centers, and may be further subject to additional risk as a result of the geographic concentration noted above. Such risks include, but are not limited to: (i) changes in national, regional, and local economic climates or demographics; (ii) competition from other available shopping centers and e- commerce, and the attractiveness of our shopping centers to our Neighbors; (iii) increased competition for real estate assets targeted by our investment strategies; (iv) adverse local conditions, such as oversupply or reduction in demand for similar shopping centers in an area and changes in real estate zoning laws that may reduce the desirability of real estate in an area; (v) vacancies, changes in market rental rates, and the need to periodically repair, renovate, and re- lease space; (vi) ongoing disruption and / or consolidation in the retail sector; (vii) increases in operating costs, due to inflation or otherwise, including common area expenses, utilities, insurance, and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decreases; (viii) increases in the costs to repair, renovate, and re- lease space; (ix) changes in interest rates and the availability of financing, which may render the sale or refinance of a property or loan difficult or unattractive; (x) earthquakes, tornadoes, hurricanes, droughts, wildfires, or other weather and climate- related events and natural disasters, civil unrest, terrorist acts, or acts of war, which may result in uninsured or underinsured losses; (xi) epidemics, pandemics, or other widespread outbreaks or resulting public fear that disrupt the businesses of our Neighbors causing them to fail to pay rent on time or at all; and (xii) changes in laws and governmental regulations, including those governing usage, zoning, the environment, and taxes. Such risks also include, but are not limited to, those that could impact the financial stability of our Neighbors, including their ability to pay rent and expense reimbursements, such as supply chain disruptions and constraints, inflationary pressures throughout the supply chain, labor shortages and inflationary pressures on wages, increases in retail theft, and other risks and uncertainties described elsewhere in this" Risk Factors" section. These and other factors could adversely affect our financial condition, cash flows, and results of operations. PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K11~~ **K10** Retailers are increasingly affected by e- commerce and changes in customer buying habits, which **were** ~~have been~~ further accelerated as a result of the COVID- 19 pandemic, including the delivery or curbside pick- up of items ordered online. Retailers are considering these e- commerce trends when making decisions regarding their brick and mortar stores and how they will compete and innovate in a rapidly changing e- commerce environment. Many retailers in our shopping centers provide services or sell goods that are unable to be performed online (such as haircuts, massages, and fitness centers) or that have historically been less likely to be purchased online (such as grocery stores, restaurants, and coffee shops); however, the continuing increase in e- commerce sales ~~in all retail categories~~ (including online orders for immediate delivery or pickup in store) may cause retailers to adjust the size or number of retail locations in the future or close stores. Our grocer Neighbors are incorporating e- commerce concepts through home delivery or curbside pickup, which could reduce foot traffic at our centers and adversely affect our occupancy and rental rates. Changes in shopping trends as a result of the growth in e- commerce may also affect the profitability of retailers that do not adapt to changes in market conditions. While we devote considerable effort and resources to analyze and respond to Neighbor trends, Neighbor and consumer preferences, and consumer spending patterns, we cannot predict with certainty what future Neighbors will want, what future retail spaces will look like, or how much revenue will be generated at traditional brick and mortar locations. If we are unable to anticipate and respond promptly to trends in the market (such as space for a drive through or curbside pickup), our occupancy levels and rental rates may decline, and our financial condition, cash flows, and results of operations may be adversely impacted. As part of our standard development and redevelopment underwriting process, we analyze the yield for each project and establish a range of target yields (" underwritten incremental unlevered yields "). Underwritten incremental unlevered yields reflect the yield we target to generate from each project upon expected stabilization and are calculated as the estimated incremental NOI for a project at stabilization divided by its estimated net project investment. The estimated incremental NOI is the difference between the estimated annualized NOI we target to generate from a project upon stabilization and the estimated annualized NOI without the planned improvements. Underwritten incremental unlevered yield does not include peripheral impacts, such as lease rollover risk or the impact on the long term value of the property upon sale or disposition. Underwritten incremental unlevered yields are based solely on our estimates, using data available to us in our development and redevelopment underwriting processes. The actual total cost to complete a development or redevelopment project may differ substantially from our estimates due to various factors, including unanticipated expenses, delays in the estimated start and / or completion date of planned development projects, ~~effects of the COVID- 19 pandemic,~~ and other contingencies. In addition, the actual incremental NOI from our planned development and redevelopment activities may differ substantially from our estimates based on numerous other factors, including delays and / or difficulties in leasing and stabilizing a development or redevelopment project, failure to obtain estimated occupancy and rental rates, inability to collect anticipated rental revenues, Neighbor bankruptcies, and unanticipated expenses that we cannot pass on to our Neighbors. Actual incremental unlevered yields may vary from our underwritten incremental unlevered yield range based on the actual total cost to complete a project and its incremental NOI at stabilization. **Our business** ~~In March 2020~~ , **and** the ~~World Health Organization declared COVID- 19~~ **businesses of our Neighbors, could be materially and adversely affected by the risks, or the public perception of the risks, related to** a ~~global~~ pandemic ~~. The~~ **, epidemic, or other health crisis, like the** COVID- 19 pandemic ~~caused~~ , **especially if** ~~and may continue to cause, significant disruptions to the~~ **there is a** ~~United States and global economy and has contributed to significant volatility and~~ negative **impact to customers' willingness** ~~pressure in financial markets. Many countries, including the United States, as well as certain states and cities, including where our~~ -- **or ability to frequent** ~~shopping centers are located, initially reacted by instituting quarantines, restrictions on travel, and / or~~ **our Neighbors'** ~~mandatory closures of~~ businesses ~~,~~ **. As** ~~as~~ **was** ~~well as~~ **experienced during** ~~other~~ -- **the** ~~restrictions. The~~ COVID- 19 pandemic ~~impacted our historical business~~ **, such crises could cause significant disruptions to the United States** and **global economy and contribute to significant volatility and negative pressure in** financial ~~performance~~ **markets** . ~~While we believe~~ **Government responses, including quarantines, restrictions on travel, mandatory closures of businesses,** ~~our~~ -- **or** ~~collections have returned to levels consistent with those prior to the onset of the pandemic, there are no assurances that the COVID- 19 pandemic, or another~~ -- **other** ~~pandemic~~ **restrictions** , **as** ~~will~~ **well** ~~not have a further~~ **as changes in consumer behavior, could** ~~negative~~ **negatively** impact ~~on~~ our **tenants and their ability to operate their** ~~business~~ **businesses** ~~and financial performance in the future~~ , **which could** ~~especially if there is a negative~~ impact ~~to customers' willingness or~~ **our** ability ~~to frequent our Neighbors' businesses. We believe substantially all our Neighbors are contractually obligated to continue with their rent payments as documented in our lease agreements with them. There is no guarantee that we will ultimately be able~~ to collect on current ~~and~~ **or** past due **rent payments or fully recover** amounts **due under** ~~, particularly if there~~ -- **the terms** ~~are additional pandemics or tightening~~ of **a lease agreement** ~~restrictions in the future. Moreover,~~ in the event of ~~any~~ **a** default by a Neighbor ~~under its lease agreement or relief agreement, we may not be able to fully recover, and / or may experience delays in~~

~~recovering and additional costs in enforcing our rights as landlord to recover, amounts due to us under the terms of the lease agreement and / or relief agreement~~ . **The** ~~Moreover, a resurgence of the COVID- 19 pandemic or another pandemic, and / or renewed restrictions intended to prevent and mitigate the spread of the disease, and resulting consumer behavior and economic slowdown or recession could have additional adverse effects on our business in the future, including but not limited to the heightening of many of the other risks and uncertainties described in this " Risk Factors " section. While the~~ unpredictable nature of pandemics **, epidemics, and other health crises** precludes any prediction as to one' s ultimate adverse impact ~~, a~~ **. A** worsening of the economic, political, and social environment as a result presents material risks and uncertainties with respect to our and our Neighbors' business, financial condition, results of operations, cash flows, liquidity, and ability to satisfy debt service obligations. An increased focus on metrics and reporting related to ESG factors may impose additional costs and expose us to new risks. Investors and other stakeholders have become more focused on understanding how companies address a variety of ESG factors. When evaluating investment decisions, many investors and shareholders look not only at company ESG disclosures, ~~PHILLIPS EDISON & COMPANYDECEMBER 31, 2022 FORM 10- K12~~ but also to ESG rating systems that have been developed by third- party groups to allow comparisons between companies. Although we participate in a number of these ratings systems, and generally score relatively well in those in which we do participate, we do not participate in, and would not necessarily score as well in, all of the available rating systems. Further, the criteria used in these ratings systems may change frequently, and we cannot guarantee that we will be able to score well as criteria change. We supplement our participation in ratings systems with corporate disclosure of our ESG activities, but many investors and other stakeholders may look for disclosures that we do not provide. In addition, the SEC is currently evaluating rulemaking that is likely to impose additional ESG disclosure and other requirements on us. Failure to participate in certain of the third- party ratings systems, failure to score well in those ratings systems, ~~or~~ failure to provide certain ESG disclosures **, or unfavorable comparisons in these areas to other companies,** could result in reputational harm when investors or others compare us against similar companies in our industry, could result in investor engagement on our ESG initiatives and **PHILLIPS EDISON & COMPANYDECEMBER 31, 2023 FORM 10- K11** disclosures or increased costs relating to ESG initiatives, and could cause certain investors to be unwilling to invest in our stock, which could adversely impact our ability to raise capital. We have obtained, and may continue to obtain, lines of credit, and other long- term financing that are secured by our shopping centers and other assets. On December 31, ~~2022~~ **2023** , we had indebtedness of $ ~~1~~ **2** . ~~9~~ **0** billion comprised of $ 1. ~~4~~ **5** billion in unsecured debt, $ 0. 4 billion in outstanding secured loan facilities, and $ 0. 1 billion in mortgage loans and finance lease obligations. In connection with executing our business strategies, we expect to evaluate additional acquisitions and strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. We may also incur mortgage debt on shopping centers that we already own in order to obtain funds to acquire additional shopping centers or make other capital investments. In addition, we may borrow as necessary or advisable to ensure that we maintain our qualification as a REIT for U. S. federal income tax purposes, including borrowings to satisfy the REIT requirement that we distribute at least 90 % of our annual REIT taxable income to our stockholders (computed without regard to the dividends- paid deduction and excluding net capital gain). However, we cannot guarantee that we will be able to obtain any such borrowings on satisfactory terms. Additionally, if we have insufficient income to service any recourse debt obligations, our lenders could institute proceedings against us to foreclose upon our assets. If we mortgage a property and there is a shortfall between the cash flows from that property and the cash flows needed to service mortgage debt on that property, then the amount of cash available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss of a property because defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. If any mortgages contain cross- collateralization or cross- default provisions, a default on a single property could affect multiple shopping centers. Additionally, we may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our shopping centers. When we give a guaranty on behalf of an entity that owns one of our shopping centers, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. Currently, we are a limited guarantor on a mortgage loan for our unconsolidated joint venture. Our guarantee is limited to being the non- recourse carveout guarantor and the environmental indemnitor. High debt levels could have material adverse consequences for the Company, including hindering our ability to adjust to changing market, industry, or economic conditions; limiting our ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses; requiring the use of a substantial portion of our cash flows for the payment of principal and interest on our debt, thereby limiting the amount of free cash flow available for future operations, acquisitions, distributions, stock repurchases, or other uses; making us more vulnerable to economic or industry downturns, including interest rate increases; and placing us at a competitive disadvantage compared to less leveraged competitors. We may not be able to access financing on favorable terms, or at all. We may finance our assets over the long- term through a variety of means, including unsecured bonds, credit facilities, secured pools, issuance of commercial mortgage- backed securities, and other structured financings. Our ability to execute this strategy will depend on various market conditions that are beyond our control, including lack of capital availability and greater credit spreads. We cannot be certain that these markets will remain an efficient source of long- term financing for our assets. If our strategy is not viable, we will have to find alternative forms of long- term financing for our assets. This could subject us to more recourse indebtedness and the risk that debt service on less efficient forms of financing would require a larger portion of our cash flows, thereby reducing cash available for distribution to our stockholders and funds available for operations as well as for future business opportunities. Covenants in our loan agreements may restrict our operations and adversely affect our financial condition and ability to make distributions to our stockholders. When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Our loan agreements may contain covenants that limit our ability to further mortgage a property or discontinue insurance coverage. In addition, loan agreements may limit our ability to enter into or terminate certain operating or lease agreements related to a property. Mortgage debt and other property- level debt that we may incur may also limit our ability to transfer properties from one subsidiary to another. These or other limitations would decrease our operating flexibility and our ability to achieve our operating objectives, which may adversely affect our financial condition and ability to make distributions to our stockholders. Covenants in certain of our loan agreements specify that certain named individuals must remain a member of management and / or the Board or require certain level of management or Board continuity in connection with a fundamental transaction. Certain of our loan agreements contain covenants that require certain named individuals, including Mr. Edison, to continue serving as a member of management and / or the Board or require certain levels of senior management and / or Board continuity following a change of control or other fundamental transaction. If such individuals were to depart from the Company within a ~~PHILLIPS EDISON & COMPANYDECEMBER 31, 2022 FORM 10- K13~~ specified time prior to such transaction or within such specified time after such a transaction, we may be required to negotiate waivers of such covenants or obtain replacement financing, which we may not be able to do on satisfactory terms or at all. Higher market capitalization rates and lower NOI for our shopping centers may adversely impact our ability to sell shopping centers and fund developments and acquisitions, and may dilute earnings. As part of our capital recycling strategy, we sell shopping centers that no longer meet our growth and investment objectives due to stabilization or perceived future risk. Sales proceeds are then used to fund the construction of developments, redevelopments, expansions, and acquisitions, and to repay debt. An increase in market capitalization rates or a decline in NOI may cause a reduction in the value of shopping centers identified for sale, which would have an adverse effect on the **PHILLIPS EDISON & COMPANYDECEMBER 31, 2023 FORM 10- K12** amount of cash generated. Additionally, the sale of shopping centers resulting in significant tax gains may require higher distributions to our stockholders in order to maintain our REIT status or payment of additional income taxes. We intend to utilize Section 1031 Exchanges to mitigate taxable income. However, there can be no assurance that we will identify exchange shopping centers that meet our investment objectives for acquisitions. Increases in interest rates could increase the amount of our interest payments and adversely affect our ability to pay distributions to our stockholders. Although a significant amount of our outstanding debt has fixed interest rates, we borrow funds at variable interest rates under our credit facilities and term loans. As of December 31, ~~2022~~ **2023** , ~~14~~ **22** . ~~6~~ **4** % of our outstanding debt was variable rate debt. Increases in interest rates would increase our interest expense on any variable rate debt to the extent we have not hedged our exposure to changes in interest rates. In addition, increases in interest rates will affect the terms under which we refinance our existing debt as it matures, to the extent we have not hedged our exposure to changes in interest rates, resulting in higher interest rates and increased interest expense. Either of these events would reduce our future earnings and cash flows, which may adversely affect our ability to service our debt and meet our other obligations and also may reduce the amount we are able to distribute to stockholders. Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which may adversely affect our financial condition, cash flows, and results of operations. From time to time, we manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, including but not limited to, the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, and that we may be required to pay the counterparty if interest rates decrease in the future below the hedged amount. There can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging agreement, there may be significant costs and cash requirements involved to fulfill our obligations under the hedging agreement. Failure to hedge effectively against interest rate changes may adversely affect our financial condition, cash flows, and results of operations. The Operating Partnership' s limited partnership agreement grants certain rights and protections to the limited partners, which allows them to vote in connection with a change of control transaction that might involve a premium price for shares of our common stock. The Operating Partnership' s limited partnership agreement grants certain rights and protections to the limited partners, including granting them the right to vote in connection with a change of control transaction. Any such change of control transaction is required to be approved by holders of ownership units of the Operating Partnership (" OP units ") (including our Company and its subsidiaries) at the same level of approval as required for approval by holders of shares of our common stock. For purposes of any such vote, we will be deemed to vote the OP units held by us and our subsidiaries in proportion to the manner in which all of our outstanding shares of common stock were voted at a stockholders meeting relating to such transaction. As of ~~January~~ **December** 31, 2023, we would have directly or indirectly controlled approximately 89. ~~2~~ **3** % of the OP units. Furthermore, as of ~~January~~ **December** 31, 2023, Mr. Edison had voting control over approximately 6. ~~6~~ **9** % of the OP units (considering OP units owned by us), and therefore could have influence over votes on change of control transactions. We and the Operating Partnership entered into a tax protection agreement on October 4, 2017 (the " 2017 TPA ") with, among others, Mr. Edison, and certain entities controlled by him at the closing of a transaction in May 2017 pursuant to which we internalized our management structure through the acquisition of certain real estate assets and the third- party investment management business of Phillips Edison Limited Partnership (" PELP ") in exchange for OP units and cash. Pursuant to the 2017 TPA, if the Operating Partnership: (i) sells, exchanges, transfers **,** or otherwise disposes of certain shopping centers in a taxable transaction, or undertakes any taxable merger, combination, consolidation or similar transaction (including a transfer of all or substantially all assets), for a period of ten years commencing on October 4, 2017; or (ii) fails, prior to the expiration of such period, to maintain certain minimum levels of indebtedness that would be allocable to each protected partner for tax purposes or, under certain circumstances, fails to offer such protected partners the opportunity to guarantee certain types of the Operating Partnership' s indebtedness, then the Operating Partnership will indemnify each affected protected partner, including Mr. Edison, against certain resulting tax liabilities. Our tax indemnification obligations include a tax gross- up. As of December 31, ~~2022~~ **2023** , 28 of our ~~271~~ **281** wholly- owned shopping centers, four outparcels, and the land under which one of our properties is located, comprising approximately 10. ~~9~~ **5** % of our ABR, are subject to the protection described in clause (i) above, and the potential " make- whole amount " on the estimated aggregate amount of built- in gain subject to such protection is approximately $ ~~149~~ **122** . ~~0~~ **7** million. PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K14~~ **K13**

We and the Operating Partnership entered into an additional tax protection agreement (the " 2021 TPA ") on July 19, 2021 with Mr. Edison, Mr. Murphy, and Mr. Myers, which will become effective upon the expiration of the 2017 TPA. The 2021 TPA generally has the following terms: (i) the 2021 TPA will severally provide to Mr. Edison, Mr. Murphy , and Mr. Myers the same protection provided under the 2017 TPA until 2031, so long as (a) Mr. Edison, Mr. Murphy , or Mr. Myers (or their permitted transferees), as applicable, individually owns at least 65 % of the OP units owned by him as of the date of the execution of the 2021 TPA and (b) in the case of Mr. Murphy or Mr. Myers, Mr. Edison individually owns at least 65 % of the OP units owned by him as of the date of the execution of the 2021 TPA; and (ii) the 2021 TPA will provide that following the expiration of the four- year tax protection period under the 2021 TPA, for so long as Mr. Edison holds at least $ 5. 0 million in value of OP units, (a) Mr. Edison will have the opportunity to guarantee debt of the Operating Partnership or enter into a " deficit restoration " obligation, and (b) the Operating Partnership will provide reasonable notice to Mr. Edison before effecting a significant transaction reasonably likely to result in the recognition of more than one- third of the built- in gain allocated to Mr. Edison that is protected under the 2017 TPA as of the date that the 2021 TPA is executed, and will consider in good faith any proposal made by Mr. Edison relating to structuring such transaction in a manner to avoid or mitigate adverse tax consequences to him. Therefore, although it may be in our stockholders' best interest for us to cause the Operating Partnership to sell, exchange, transfer or otherwise dispose of one or more of these shopping centers, it may be economically prohibitive for us to do so until the expiration of the applicable protection period because of these indemnity obligations. Moreover, these obligations may require us to cause the Operating Partnership to maintain more or different indebtedness than we would otherwise require for our business. As a result, the tax protection agreements could, during their term, restrict our ability to take actions or make decisions that otherwise would be in our best interests. Our stockholders have limited control over changes in our policies and operations, which increases the uncertainty and risks our stockholders face. Our Board determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification , and distributions. Our Board may amend or revise these and other policies without the vote of our stockholders. Under the **Maryland General Corporation Law, as amended ("** MGCL **")** and our charter, our stockholders have a right to vote only on limited matters. Our Board' s broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks our stockholders face. Our charter, bylaws , and Maryland law contain terms that may discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders. Our charter, bylaws , and Maryland law contain provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. Our charter authorizes our Board to, without stockholder approval, amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional shares of our common stock or preferred stock , and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock. We believe these charter provisions will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of our common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded, and our Board could authorize the issuance of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Our charter, with certain exceptions, authorizes our Board to take such actions as are necessary and desirable to preserve our qualification as a REIT. To help us comply with the REIT ownership requirements under the IRC, among other purposes, our charter prohibits any person from directly or constructively owning more than 9. 8 % in value of our aggregate outstanding stock or more than 9. 8 % in value or number of shares, whichever is more restrictive, of our aggregate outstanding common stock, unless exempted by our Board. In addition, the MGCL permits our Board to implement certain takeover defenses without stockholder approval. These and other provisions of our charter, bylaws , and Maryland law could have the effect of delaying, deferring, or preventing a change in control, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock. Our rights and the rights of our stockholders to recover claims against our officers and directors are limited, which could reduce our stockholders' and our recovery against them if they cause us to incur losses. Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation' s best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter, in the case of our directors and officers, requires us to indemnify our directors and officers to the maximum extent permitted by Maryland law. Additionally, our charter limits the liability of our directors and officers for monetary damages to the maximum extent permitted under Maryland law. As a result, we and our stockholders may have more limited rights against our directors, officers, associates, and agents than might otherwise exist under common law, which could reduce our stockholders' and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, associates, and agents in some cases, which would decrease the cash otherwise available for distribution to stockholders. We elected to be taxed as a REIT for U. S. federal income tax purposes commencing with our taxable year ended December 31, 2010. We believe that our organization and method of operation has enabled and will continue to enable us to meet the PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K15~~ **K14** requirements for qualification and taxation as a REIT for U. S. federal income tax purposes. However, we cannot assure you that we will qualify as such. This is because qualification as a REIT involves the application of highly technical and complex provisions of the IRC as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations, or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for federal income tax purposes or the federal income tax consequences of such qualification.

If we fail to qualify as a REIT in any taxable year, and are unable to obtain relief under certain statutory provisions, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because: • we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to federal and state income tax at regular corporate rates; and • we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it could adversely affect the value of our common stock. If we fail to qualify as a REIT, we would no longer be required to make distributions to our stockholders. Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows. Even if we qualify as a REIT for U. S. federal income tax purposes, we may be subject to certain U. S. federal, state, and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property, and transfer taxes. Any of these taxes would decrease cash available for distributions to stockholders. We believe that the Operating Partnership is organized and will be operated in a manner so as to be treated as a partnership, and not an association or publicly traded partnership taxable as a corporation for U. S. federal income tax purposes. As a partnership, the Operating Partnership will not be subject to U. S. federal income tax on its income. Instead, each of its partners, including us, will be allocated that partner' s share of the Operating Partnership' s income. No assurance can be provided, however, that the Internal Revenue Service (the " IRS ") will not challenge the Operating Partnership' s status as a partnership for U. S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as an association or publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the Operating Partnership to qualify as a partnership would cause it to become subject to U. S. federal corporate income tax, which would reduce significantly the amount of its cash available for debt service and for distribution to its partners, including us. The Operating Partnership has a carryover tax basis on certain of its assets as a result of our acquisition of PELP, and our merger with Phillips Edison Grocery Center REIT II, Inc. (" REIT II "), and the amount that we have to distribute to stockholders therefore may be higher. As a result of each of the acquisition of PELP and our merger with REIT II, certain of the Operating Partnership' s shopping centers have carryover tax bases that are lower than the fair market values of these shopping centers at the time of the acquisition. As a result of this lower aggregate tax basis, the Operating Partnership will recognize higher taxable gain upon the sale of these assets, and the Operating Partnership will be entitled to lower depreciation deductions on these assets than if it had purchased these shopping centers in taxable transactions at the time of the acquisition. Such lower depreciation deductions and increased gains on sales allocated to us generally will increase the amount of our required distribution under the REIT rules, and will decrease the portion of any distribution that otherwise would have been treated as a " return of capital " distribution. Our property taxes could increase due to property tax rate changes or reassessment, which could impact our cash flow. Even if we qualify as a REIT for U. S. federal income tax purposes, we are required to pay state and local property taxes on our shopping centers. The property taxes on our shopping centers may increase as property tax rates change or as our shopping centers are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past and such increases may not be covered by Neighbors pursuant to our lease agreements. If the property taxes we pay increase, our financial condition, results of operations, cash flow, per share trading price of our common stock, and ability to satisfy our principal and interest obligations and to make distributions to our stockholders could be adversely affected. We use taxable REIT subsidiaries, which may cause us to fail to qualify as a REIT. To qualify as a REIT for U. S. federal income tax purposes, we hold, and plan to continue to hold, substantially all of our non- qualifying REIT assets and conduct certain of our non- qualifying REIT income activities in or through one or more taxable REIT subsidiary (" TRS ") entities. A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. A TRS also includes any corporation other than a REIT with respect to which a TRS owns securities possessing more than 35 % of the total voting power or value of the outstanding securities of such corporation. Other than some activities relating to lodging and health care facilities, a TRS may generally engage in any business, including the provision of customary or non- customary services to tenants of its parent REIT. A TRS is subject to U. S. federal income tax as a regular C- corporation at a current rate of 21 %. The net income of our TRS entities is not required to be distributed to us, and income that is not distributed to us will generally not be subject to the REIT income distribution requirement. However, our TRS entities may pay dividends. Such dividend income should qualify under the 95 %, but not the 75 %, gross income test. We will monitor the amount of the PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K16~~ **K15** dividend and other income from our TRS entities and will take actions intended to keep this income, and any other non- qualifying income, within the limitations of the REIT income tests. While we expect these actions will prevent a violation of the REIT income tests, we cannot guarantee that such actions will in all cases prevent such a violation. Our ownership of TRS entities is subject to limitations that could prevent us from growing our management business, and our transactions with our TRS entities could cause us to be subject to a 100 % penalty tax on certain income or deductions if those transactions are not conducted on an arm' s- length basis. No more than 20 % of the value of a REIT' s gross assets may consist of interests in TRS entities. Compliance with this limitation could limit our ability to grow our management business. The IRC also imposes a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. We will monitor the value of investments in our TRS entities in order to ensure compliance with TRS ownership limitations and will structure our transactions with our TRS entities on terms that we believe are arm' s- length to avoid incurring the 100 % excise tax described above. There can be no assurance, however, that we will be able to comply with the TRS ownership limitation or be able to avoid application of the 100 % excise tax. REIT distribution requirements could adversely affect our ability to execute our business plans, including because we may be required to borrow funds to make distributions to stockholders or otherwise depend on external sources of capital to fund such distributions. We generally must distribute annually at least 90 % of our REIT taxable income (which is determined without regard to the dividends paid deduction or net capital gain for this purpose) in order to continue to qualify as a REIT. To the extent that we satisfy the distribution requirement but distribute less than 100 % of our taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we may elect to retain and pay income tax on our net long- term capital gain. In that case, if we so elect, a stockholder would be taxed on its proportionate share of our undistributed long- term gain and would receive a credit or refund for its proportionate share of the tax we paid. A stockholder, including a tax- exempt or foreign stockholder, would have to file a U. S. federal income tax return to claim that credit or refund. Furthermore, we will be subject to a 4 % nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws. We intend to make distributions to our stockholders to comply with the REIT requirements of the IRC and to avoid corporate income tax and the 4 % excise tax. We may be required to make distributions to our stockholders at times when it would be more advantageous to reinvest cash in the business or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits. If we do not have other funds available, we could be required to borrow funds on unfavorable terms, sell investments at disadvantageous prices, distribute amounts that would otherwise be invested in future acquisitions or capital expenditures or used for the repayment of debt, pay dividends in the form of" taxable stock dividends, " or find another alternative source of funds to make distributions sufficient to enable us to distribute enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our equity. To continue to qualify as a REIT for U. S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to stockholders, and the ownership of our stock. As discussed above, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. Additionally, we may be unable to pursue investments that would be otherwise attractive to us in order to satisfy the requirements for qualifying as a REIT. We must also ensure that at the end of each calendar quarter, at least 75 % of the value of our assets consists of cash, cash items, U. S. government securities, and qualified real estate assets, including certain mortgage loans and mortgage- backed securities. The remainder of our investment in securities (other than U. S. government securities and qualified real estate assets) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets can consist of the securities of any one issuer (other than U. S. government securities and qualified real estate assets) and no more than 20 % of the value of our gross assets may be represented by securities of one or more TRS entities. Finally, no more than 25 % of our assets may consist of debt investments that are issued by " publicly offered REITs " and would not otherwise be treated as qualifying real estate assets. If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and being subject to adverse tax consequences, unless certain relief provisions apply. As a result, compliance with the REIT requirements may hinder our ability to operate solely on the basis of profit maximization and may require us to liquidate investments from our portfolio, or refrain from making otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to stockholders. The prohibited transactions tax may limit our ability to engage in transactions, including disposition of assets, which would be treated as sales for U. S. federal income tax purposes. A REIT' s net income from prohibited transactions is subject to a 100 % tax. In general, prohibited transactions are sales or other dispositions of dealer property, other than foreclosure property. We may be subject to the prohibited transaction tax upon a disposition of real property. Although a safe- harbor exception to prohibited transaction treatment is available, we cannot assure you that we can comply with such safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of our trade or business. Consequently, we may choose not to engage in certain sales of real property or may conduct such sales through a TRS. It may be possible to reduce the impact of the prohibited transaction tax by conducting certain activities through a TRS. However, to the extent that we engage in such activities through a TRS, the income associated with such activities will be subject to a corporate income tax. In addition, the IRS may attempt to ignore or otherwise recast such activities in order to impose a prohibited transaction tax on us, and there can be no assurance that such recast will not be successful. We may recognize substantial amounts of REIT taxable income, which we would be required to distribute to our stockholders, in a year in which we are not profitable under accounting principles generally accepted in the United States (" GAAP ") or other economic measures. We may recognize substantial amounts of REIT taxable income in years in which we are not profitable under GAAP or other economic measures as a result of the differences between GAAP and tax accounting methods. For instance, certain of our assets will be marked- to- market for GAAP purposes but not for tax purposes, which could result in losses for GAAP purposes that are not recognized in computing our REIT taxable income. Additionally, we may deduct our capital losses only to the extent of our capital gains in computing our REIT taxable income for a given taxable year. Consequently, we could recognize substantial amounts of REIT taxable income and would be required to distribute such income to shareholders in a year in which we are not profitable under GAAP or other economic measures. Our qualification as a REIT could be jeopardized as a result of an interest in joint ventures or investment funds. We may hold certain limited partner or non- managing member interests in partnerships or limited liability companies that are joint ventures or investment funds. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our qualification as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a REIT gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In

that case, we could fail to continue to qualify as a REIT unless we are able to qualify for a statutory REIT " savings " provision, which may require us to pay a significant penalty tax to maintain our REIT qualification. Distributions paid by REITs do not qualify for the reduced tax rates that apply to other corporate distributions. The maximum tax rate for " qualified dividends " paid by corporations to non- corporate stockholders generally is 20 %. Distributions paid by REITs to non- corporate stockholders generally are taxed at rates lower than ordinary income rates, but those rates are higher than the 20 % tax rate on qualified dividend income paid by corporations. Although this does not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, the more favorable rates for corporate dividends may cause non- corporate investors to perceive that an investment in a REIT is less attractive than an investment in a non- REIT entity that pays dividends, thereby reducing the demand and market price of shares of our common stock. Legislative or regulatory tax changes could adversely affect us or our stockholders. At any time, the U. S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U. S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U. S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated **,** or become effective and any such law, regulation **,** or interpretation may take effect retroactively. Any such change could result in an increase in our, or our stockholders', tax liability or require changes in the manner in which we operate in order to minimize increases in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income or be subject to additional restrictions. These increased tax costs could, among other things, adversely affect our financial condition, results of operations, and the amount of cash available for the payment of dividends. We and our stockholders could be adversely affected by any such change in, or any new, U. S. federal income tax law, regulation, or administrative interpretation ~~. In addition, the COVID- 19 pandemic has left many state and local governments with reduced tax revenue, which may lead such governments to increase taxes or otherwise make significant changes to their state and local tax laws. If such changes occur, we may be required to pay additional taxes on our assets or income~~ . If our assets are deemed to be plan assets, we may be exposed to liabilities under Title I of the Employee Retirement Income Security Act of 1974 (" ERISA ") and the IRC. In some circumstances where an ERISA plan holds an interest in an entity, the assets of the entity are deemed to be ERISA plan assets unless an exception applies. This is known as the " look- through rule. " Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Title I of ERISA or Section 4975 of the IRC, may be applicable, and there may be liability under these and other provisions of ERISA and the IRC. We believe that our assets should not be treated as plan assets because the shares of our common stock should qualify as " publicly- offered securities " that are exempt from the look- through rules under applicable Treasury Regulations. We note, however, that because certain limitations are imposed upon the transferability of shares of our common stock so that we may qualify as a REIT, and perhaps for other reasons, it is possible that this exemption may not apply. If that is the case, and if we are exposed to liability under ERISA or the IRC, our performance and results of operations could be adversely affected. Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could adversely affect our cash flows and stockholder returns. We maintain insurance coverage with third- party carriers who provide a portion of the coverage of potential losses, including commercial general liability, fire, flood, extended coverage **,** and rental loss insurance on all of our shopping centers. We currently self- insure a portion of our commercial insurance deductible risk through our captive insurance company. To the extent that our captive insurance company is unable to bear that risk, we may be required to fund additional capital to our captive insurance company or we may be required to bear that loss. As a result, our operating results may be adversely affected. **There are some types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or sublimits. Terrorist activities or violence occurring at our properties also**
 ~~There are some types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or sublimits. Terrorist activities or violence occurring at our properties also~~ may directly affect their value through damage, destruction, or loss. Insurance for such acts may be unavailable or cost more, which could result in an increase to our operating expenses and adversely affect our results of operations. To the extent that our Neighbors are affected by such attacks or threats of attacks, their businesses may be adversely affected, including their ability to continue to meet obligations under their existing leases. If any of our shopping centers incur a casualty or other loss that is not fully or adequately insured, the value of our assets will be reduced by any such uninsured loss, which may reduce the value of our stockholders' investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, such payments could adversely impact our cash flows and ability to make distributions to our stockholders. Climate change may adversely affect our business, financial condition, cash flows, and results of operations. Climate change, including the impact of global warming, creates physical and financial risks. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in storm intensity and severity of weather (e. g. floods, droughts, tornadoes, or hurricanes) and extreme temperatures. The occurrence of sea level rise or one or more natural disasters, such as floods, droughts, tornados, hurricanes, tropical storms, wildfires, and earthquakes (whether or not caused by climate change), could cause considerable damage to our shopping centers, disrupt our operations **,** and negatively affect our financial performance. To the extent any of these events results in significant damage to or closure of one or more of our shopping centers, our operations and financial performance could be adversely affected through lost Neighbors and an inability to lease or re - lease the space. In addition,

these events could result in significant expenses to restore or remediate a property, increases in fuel or other energy costs or a fuel shortage, and increases in the costs of (or making unavailable) insurance on favorable terms if they result in significant loss of property or other insurable damage. In addition, transition risks associated with new or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditures by us. Among other things, " green " building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency, and waste management. Such codes could require us to make improvements to our existing shopping centers, increase the costs of maintaining or improving our existing shopping centers or developing new shopping centers, or increase taxes and fees assessed on us or our shopping centers. As an owner and / or operator of real estate, we could become subject to liability for environmental violations, regardless of whether we caused such violations, and our efforts to identify environmental liabilities may not be successful. We could become subject to liability in the form of fines or damages for noncompliance with environmental laws and regulations. U. S. federal, state, and local laws and regulations relating to the protection of the environment may require us, as a current or previous owner or operator of real property, to investigate and clean up hazardous or toxic substances or petroleum product releases at, on, under, from, or in a property or at impacted neighboring properties, which in our case most typically arise from current or former dry cleaners, gas stations, asbestos usage and historic land use practices. These costs could be substantial and liability under these laws may attach whether or not the owner or manager knew of, or was responsible for, the presence of such contamination. Even if more than one person may have been responsible for the contamination, each liable party may be held entirely responsible for all of the clean- up costs incurred. We may be subject to regulatory action and may also be held liable to third parties for personal injury or property damage incurred by such parties in connection with exposure to or offsite contamination caused by hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances, and related liabilities, may be substantial and could materially and adversely affect us. The presence of hazardous or toxic substances, or the failure to remediate the related contamination, may also adversely affect our ability to sell, lease **,** or redevelop a property or to borrow money using a property as collateral. Although we believe that our portfolio is in substantial compliance with U. S. federal, state, and local environmental laws and regulations regarding hazardous or toxic substances, and that there is no material contamination that we would be responsible for addressing, this belief is based on limited evaluation and testing. Nearly all of our shopping centers have been subjected to Phase I or similar environmental audits. These environmental audits (which do not include subsurface testing) have not revealed, nor are we aware of, any environmental liability that we believe is reasonably likely to have a material adverse effect on us. However, we cannot assure you that: (i) previous environmental studies with respect to the portfolio revealed all potential environmental liabilities; (ii) any previous owner, occupant **,** or Neighbor of a property did not create any material environmental condition not known to us; (iii) the current environmental condition of the portfolio will not be affected by Neighbors and occupants, by the condition of nearby properties, or by other unrelated third parties; or (iv) future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in environmental liabilities. Cybersecurity attacks include attempts to gain unauthorized access to our data and / or computer systems to disrupt operations, corrupt data, or steal confidential information. We may face such cybersecurity attacks through malware, computer viruses, attachments to e- mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our information technology (**"** IT **"**) systems. The risk of a cybersecurity attack, including by computer hackers (individual or hacking organizations), foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. The techniques and sophistication used to conduct cyber attacks and breaches of IT systems, as well as the sources and targets of these attacks, change frequently and are often not recognized until such attacks are launched or have been in place for a period of time. **Our IT networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations and, in some cases, may be critical to the operations of certain of our Neighbors. In addition to our own IT** PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- **K18** ~~K19 Our IT networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations and, in some cases, may be critical to the operations of certain of our Neighbors. In addition to our own IT~~ systems, we also depend on third parties to provide IT services relating to several key business functions, such as administration, accounting, communications, document management and storage, human resources, payroll, tax, investor relations, and certain finance functions. Our IT systems and those provided by third parties may contain personal, financial, or other information that is entrusted to us by our Neighbors and associates, as well as proprietary PECO information and other confidential information related to our business. We and such third parties employ a number of measures to prevent, detect, and mitigate these threats, including password protection, firewalls, backup servers, malware detection, intrusion sensors, threat monitoring, user training, and periodic penetration testing; however, there is no guarantee that such ~~efforts~~ **cybersecurity risk management programs and processes, including our and their policies, controls, and procedures,** will be ~~successful~~ **fully implemented, complied with or effective** in ~~preventing a cybersecurity attack~~ **protecting our and their systems and information** . As **have many companies, we and our third party vendors have been impacted by security incidents in the past, and will likely continue to experience security incidents of varying degrees. While we do not believe these incidents have had a material impact to date, as** our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. The primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our Neighbors, and private data exposure. Our financial results and business operations may be negatively affected by such an incident or the resulting negative media attention. A cybersecurity attack could: (i) disrupt the proper functioning of our networks and systems and therefore our operations and / or those of certain of our Neighbors; (ii) compromise the confidential or proprietary information of our Neighbors, associates, and vendors, which others could use to compete against us or for disruptive, destructive, or otherwise harmful purposes and outcomes; (iii) result in our inability to maintain the building systems relied upon by our Neighbors for the efficient use of their leased space; (iv) require significant management attention and resources to remedy the damages that result; (v) result in misstated financial reports, violations of loan covenants , and / or missed reporting deadlines; (vi) result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; (vii) subject us to claims for breach of contract, damages, credits, penalties, or termination of leases or other agreements or relationships; (viii) cause reputational damage that adversely affects Neighbor, investor, and associate confidence in us, which could negatively affect our ability to attract and retain Neighbors, investors, and associates; (ix) result in significant remediation costs, some or all of which may not be recoverable from our insurance carriers; and (x) result in increases in the cost of obtaining insurance on favorable terms, or at all, if the attack results in significant insured losses. Such security breaches also could result in a violation of applicable federal and state privacy and other laws, and subject us to private consumer, business partner, or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability, and we may not be able to recover these expenses from our service providers, responsible parties, or insurance carriers. Similarly, our Neighbors rely extensively on IT systems to process transactions and manage their businesses and thus are also at risk from and may be adversely affected by cybersecurity attacks. An interruption in the business operations of our Neighbors or a deterioration in their reputation resulting from a cybersecurity attack, including unauthorized access to customers' credit card data and other confidential information, could indirectly negatively affect our business and cause lost revenues. ~~As of December 31, 2022, we have not had any material incidents involving cybersecurity attacks.~~ Regulatory and Legal Risks Compliance or failure to comply with the ADA, and fire, safety, and other regulations could result in substantial costs and may decrease cash available for stockholder distributions. Our shopping centers are or may become subject to the ADA which generally requires that all places of public accommodation comply with federal requirements related to access and use by disabled persons. Compliance with the ADA' s requirements could require the removal of access barriers and noncompliance may result in the imposition of injunctive relief, monetary penalties, or in some cases, an award of damages. While we attempt to acquire shopping centers that are already in compliance with the ADA or place the burden of compliance on the seller or other third party, such as a Neighbor, we cannot assure stockholders that we will be able to acquire shopping centers or allocate responsibilities in this manner. In addition, we are required to operate the shopping centers in compliance with fire and safety regulations, building codes, and other land use regulations, as they may be adopted by governmental entities and become applicable to the shopping centers. We may be required to make substantial capital expenditures to comply with these requirements, and these expenditures may reduce our net income and may have a material adverse effect on our ability to meet our financial obligations and make distributions to our stockholders. We could be subject to legal or regulatory proceedings that may adversely affect our cash flows and results of operations. As an owner and operator of public shopping centers, from time to time, we are party to legal and regulatory proceedings that arise in the ordinary course of business. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such litigation or proceedings. We could experience an adverse effect to our cash flows, financial condition, and results of operations due to an unfavorable outcome. The U. S. stock markets, including Nasdaq, on which our common stock trades, have experienced significant price and volume fluctuations. As a result, the market price of shares of our common stock may be similarly volatile, and investors in shares of our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of shares of our common stock will not fluctuate or decline significantly in the future. In addition to the risks listed in this " Risk Factors " section, a number of factors could negatively affect the share price of our common stock or result in fluctuations in the price or trading volume of shares of our common stock, including: • the annual yield from distributions on shares of our common stock as compared to yields on other financial instruments; PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K20~~ **K19** • equity issuances by us, or future sales of substantial amounts of shares of our common stock by our existing or future stockholders, or the perception that such issuances or future sales may occur; • increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of shares of our common stock to demand a higher yield; • changes in market valuations of similar companies; • fluctuations in stock market prices and volumes; • additions or departures of key management personnel; • our operating performance and the performance of other similar companies; • actual or anticipated differences in our quarterly operating results; • changes in expectations of future financial performance or changes in estimates of securities analysts; • publication of research reports about us or our industry by securities analysts; • failure to qualify as a REIT; • adverse market reaction to any indebtedness we incur in the future; • strategic decisions by us or our competitors, such as acquisitions, divestments, spin offs, joint ventures, strategic investments, or changes in business strategy; • the passage of legislation or other regulatory developments that adversely affect us or our industry; • speculation in the press or investment community; • changes in our earnings; • failure to satisfy the listing requirements of Nasdaq; • failure to comply with the requirements of the Sarbanes- Oxley Act; • actions by institutional stockholders; • changes in accounting principles; and • general market conditions, including factors unrelated to our performance. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management' s attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy , and our ability to make distributions to our stockholders. We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price of our common stock. The issuance of a substantial number of shares of our common stock in the public market, or upon exchange of common units of limited partnership interest in our OP units, or the perception that such issuances might occur, could adversely affect the market price of our common stock. The exchange of OP units for common stock, including OP units granted to certain directors, executive officers , and other employees under our equity incentive plan, or the issuance of our common stock or OP units in connection with future property, portfolio , or business acquisitions could have an adverse effect on the market price of our common stock. In addition, the existence of OP units and shares of our common stock reserved for issuance under our equity incentive plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. Future issuances of shares of our common stock may also be dilutive to existing stockholders. Future offerings of debt securities, which would be senior to our common stock upon liquidation, and / or preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock. In October 2021, we issued $ 350 million aggregate principal amount of 2. 625 % senior notes, and in the future, we may attempt to increase our capital resources by offering additional debt or equity securities (or causing our operating partnership to issue debt or equity securities), including medium term notes, senior or subordinated notes, and additional classes of preferred or common stock. Holders of debt securities or shares of preferred stock, as well as lenders with respect to other borrowings, will generally be entitled to receive interest payments or distributions, both current and in connection with any liquidation or sale, prior to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences **,** and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We are not required to offer any such additional debt or equity securities to existing common stockholders on a preemptive basis. Therefore, offerings of common stock or other equity securities may dilute the holdings of our existing stockholders. Future offerings of debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common stock and / or the distributions that we pay with respect to our common stock. Because we may generally issue any such debt or equity securities in the future without obtaining the consent of our stockholders, you will bear the risk of our future offerings reducing the market price of our common stock and diluting your proportionate ownership. PHILLIPS EDISON & COMPANYDECEMBER 31, ~~2022~~ **2023** FORM 10- ~~K21~~ **K20** If we pay distributions from sources other than our cash flows from operations, we may not be able to sustain our distribution rate, we may have fewer funds available for investment in shopping centers and other assets, and our stockholders' overall returns may be reduced. Our organizational documents permit us to pay distributions from any source without limit (other than those limits set forth under Maryland law). To the extent we fund distributions from borrowings, we will have fewer funds available for investment in real estate shopping centers and other real estate- related assets, and our stockholders' overall returns may be reduced. At times, we may need to borrow funds to pay distributions, which could increase the costs to operate our business. Furthermore, if we cannot cover our distributions with cash flows from operations, we may be unable to sustain our distribution rate. Our distributions to stockholders may change, which could adversely affect the market price of shares of our common stock. All distributions will be at the sole discretion of our Board and will depend on our actual and projected financial condition, results of operations, cash flows, liquidity, maintenance of our REIT qualification, and such other matters as our Board may deem relevant from time to time. We intend to evaluate distributions throughout ~~2023~~ **2024** , and it is possible that stockholders may not receive distributions equivalent to those previously paid by us for various reasons, including: (i) we may not have enough cash to pay such distributions due to changes in our cash requirements, indebtedness, capital spending plans, operating cash flows, or financial position; (ii) decisions on whether, when, and in what amounts to make any future distributions will remain at all times entirely at the discretion of the Board, which reserves the right to change our distribution practices at any time and for any reason; (iii) our Board may elect to retain cash for investment purposes, working capital reserves, or other purposes, or to maintain or improve our credit ratings; and (iv) the amount of distributions that our subsidiaries may distribute to us may be subject to restrictions imposed by state law, state regulators, and / or the terms of any current or future indebtedness that these subsidiaries may incur. Stockholders have no contractual or other legal right to distributions that have not been authorized by the Board and declared by the Company. We may not be able to make distributions in the future or may need to fund such distributions from external sources, as to which no assurances can be given. In addition, as noted above, we may choose to retain operating cash flow, and those retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of shares of our common stock. Our failure to meet the market' s expectations with regard to future cash distributions likely would adversely affect the market price of shares of our common stock. Increases in market interest rates may result in a decrease in the value of shares of our common stock. One of the factors that may influence the price of shares of our common stock is the dividend distribution rate on our common stock (as a percentage of the price of shares of our common stock) relative to market interest rates. If market interest rates rise, as has recently been experienced, prospective purchasers of shares of our common stock may expect a higher distribution rate. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution. We therefore may not be able, or we may not choose, to provide a higher distribution rate. As a result, prospective purchasers may decide to purchase other securities rather than shares of our common stock, which would reduce the demand for, and result in a decline in the market price of, shares of our common stock. If we fail to maintain an effective system of internal control over financial reporting and disclosure controls, we may not be able to accurately and timely report our financial results. Effective internal control over financial reporting and disclosure controls are necessary for us to provide reliable financial reports, effectively prevent fraud, and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We are ~~currently~~ required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, and ~~as of December 31, 2022, we~~ are required to have our independent registered public accounting firm attest to the same, as required by Section 404 of the Sarbanes- Oxley Act of 2002. If a material weakness or significant deficiency was to be identified in our internal control over financial reporting, we may also identify deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we or our independent registered public accounting firm discover weaknesses, we will make efforts to improve our internal control over financial reporting and disclosure controls. However, there is no assurance that we will be successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal control over financial reporting and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect the listing of our common stock on Nasdaq. Ineffective internal control over financial reporting and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of our common stock.