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STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549Â FormÂ 10-Q (mark one)â˜’Â Â Â Â QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended August 3, 2024.ORâ˜Â Â Â Â TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from Â Â Â Â Â Â Â Â Â Â Â Â Â Â to Â Â Â Â Â Â Â Â Â Â Â Â Â Â Commission file number: 001-35600 Five Below, Inc. (Exact name of Registrant as Specified in its Charter)Pennsylvania75-3000378(State or Other Jurisdiction ofIncorporation or Organization)(I.R.S. EmployerIdentification No.)701 Market StreetSuite 300Â PhiladelphiaPennsylvaniaÂ 19106(Address of Principal Executive Offices)(Zip Code)(215) 546-7909 (Registrantâ€™s Telephone Number, Including Area Code)Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon stockFIVEThe Nasdaq Stock Market LLCIndicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12Â months (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90Â days.Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to RuleÂ 405 of RegulationÂ S-T (Â§232.405 of this chapter) during the preceding 12Â months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and "emerging growth company" in RuleÂ 12b-2 of the Exchange Act. Large accelerated filerÂ â˜’Â Â AcceleratedÂ filerÂ â˜Non-accelerated filerÂ â˜Â Â SmallerÂ reportingÂ companyÂ â˜Emerging growth companyÂ â˜If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. â˜ Indicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Exchange Act).Â Â Â Â YesÂ Â â˜Â Â Â Â NoÂ Â â˜’The number of shares of the registrantâ€™s common stock, $0.01 par value, outstanding as of August 28, 2024 was 55,004,931.

INDEXPART I - FINANCIAL INFORMATIONPageÂ Â 3PART I - FINANCIAL INFORMATIONITEM 1. CONSOLIDATED FINANCIAL STATEMENTSFIVE BELOW, INC.Consolidated Balance Sheets(Unaudited)(in thousands, except share and per share data)Â August 3, 2024February 3, 2024July 29, 2023AssetsCurrent assets:Cash and cash equivalents$209,039Â $179,749Â $334,544Â Short-term investment securities118,680Â 280,339Â 101,813Â Inventories639,881Â 584,627Â 543,621Â Prepaid income taxes and tax receivable14,140Â 4,834Â 10,524Â Prepaid expenses and other current assets136,899Â 153,993Â 121,424Â Total current assets1,118,639Â 1,203,542Â 1,111,926Â Property and equipment, net of accumulated depreciation and amortization of $662,744, $584,090, and $514,097, respectively.1,246,880Â 1,134,312Â 1,013,686Â Operating lease assets1,627,483Â 1,509,416Â 1,407,474Â Long-term investment securitiesâ€”Â 7,791Â â€”Â Other assets20,142Â 16,976Â 16,322Â $4,013,144Â $3,872,037Â $3,549,408Â Liabilities and Shareholdersâ€™ EquityCurrent liabilities:Line of credit$â€”Â $â€”Â $â€”Â Accounts payable255,965Â 256,275Â 249,093Â Income taxes payableâ€”Â 41,772Â â€”Â Accrued salaries and wages12,574Â 30,028Â 26,279Â Other accrued expenses164,226Â 146,887Â 162,919Â Operating lease liabilities252,440Â 240,964Â 211,177Â Total current liabilities685,205Â 715,926Â 649,468Â Other long-term liabilities8,662Â 6,826Â 4,925Â Long-term operating lease liabilities 1,642,055Â 1,497,586Â 1,394,698Â Deferred income taxes69,481Â 66,743Â 60,171Â Total liabilities2,405,403Â 2,287,081Â 2,109,262Â Commitments and contingencies (note 6)Shareholdersâ€™ equity:Common stock, $0.01 par value. Authorized 120,000,000 shares; issued and outstanding 55,006,099, 55,197,875, and 55,686,858 shares, respectively.549Â 551Â 556Â Additional paid-in capital141,029Â 182,709Â 254,687Â Retained earnings 1,466,163Â 1,401,696Â 1,184,903Â Total shareholdersâ€™ equity1,607,741Â 1,584,956Â 1,440,146Â $4,013,144Â $3,872,037Â $3,549,408Â See accompanying notes to consolidated financial statements.4FIVE BELOW, INC.Consolidated Statements of Operations(Unaudited)(in thousands, except share and per share data)Â Â Thirteen Weeks EndedTwenty-Six Weeks EndedAugust 3, 2024July 29, 2023August 3, 2024July 29, 2023Net sales$830,069Â $758,981Â $1,641,932Â $1,485,228Â Cost of goods sold (exclusive of items shown separately below)558,283Â 494,402Â 1,106,626Â 985,845Â Selling, general and administrative expenses188,809Â 175,103Â 378,995Â 338,309Â Depreciation and amortization41,468Â 30,882Â 78,652Â 60,068Â Operating income 41,509Â 58,594Â 77,659Â 101,006Â Interest income and other income 3,054Â 4,342Â 8,044Â 7,989Â Income before income taxes44,563Â 62,936Â 85,703Â 108,995Â Income tax expense 11,563Â 16,101Â 21,236Â 24,682Â Net income $33,000Â $46,835Â $64,467Â $84,313Â Basic income per common share$0.60Â $0.84Â $1.17Â $1.51Â Diluted income per common share$0.60Â $0.84Â $1.17Â $1.51Â Weighted average shares outstanding:Basic shares55,027,663Â 55,675,357Â 55,097,840Â 55,662,930Â Diluted shares55,042,588Â 55,801,507Â 55,148,893Â 55,789,323Â See accompanying notes to consolidated financial statements. 5FIVE BELOW, INC.Consolidated Statements of Shareholdersâ€™ Equity(Unaudited)(in thousands, except share data)Common stockAdditionalpaid-inÂ capitalRetained earningsTotalshareholdersâ€™ equitySharesAmountBalance, February 3, 202455,197,875Â $551Â $182,709Â $1,401,696Â $1,584,956Â Share-based compensation expenseâ€”Â â€”Â 4,928Â â€”Â 4,928Â Issuance of unrestricted stock awards626Â â€”Â 112Â â€”Â 112Â Vesting of restricted stock units and performance-based restricted stock units89,885Â 1Â â€”Â â€”Â 1Â Common shares withheld for taxes(33,953)â€”Â (6,652)â€”Â (6,652)Repurchase and retirement of common stock(182,327)(2)(30,149)â€”Â (30,151)Net incomeâ€”Â â€”Â â€”Â 31,467Â 31,467Â Balance, May 4, 202455,072,106Â $550Â $150,948Â $1,433,163Â $1,584,661Â Share-based compensation expenseâ€”Â â€”Â (454)â€”Â (454)Issuance of unrestricted stock awards1,834Â â€”Â 114Â â€”Â 114Â Vesting of restricted stock units and performance-based restricted stock units12,439Â â€”Â â€”Â â€”Â â€”Â Common shares withheld for taxes(938)â€”Â (105)â€”Â (105)Repurchase and retirement of common stock(84,670)(1)(10,074)â€”Â (10,075)Issuance of common stock to employees under employee stock purchase plan5,328Â â€”Â 600Â â€”Â 600Â Net incomeâ€”Â â€”Â â€”Â 33,000Â 33,000Â Balance, August 3, 202455,006,099Â $549Â $141,029Â $1,466,163Â $1,607,741Â 6Common stockAdditionalpaid-inÂ capitalRetained earningsTotalshareholdersâ€™ equitySharesAmountBalance, January 28, 202355,537,221Â $555Â $260,784Â $1,100,590Â $1,361,929Â Share-based compensation expenseâ€”Â â€”Â 3,624Â â€”Â 3,624Â Issuance of unrestricted stock awards579Â â€”Â 112Â â€”Â 112Â Exercise of options to purchase common stock600Â â€”Â 24Â â€”Â 24Â Vesting of restricted stock units and performance-based restricted stock units208,461Â 2Â â€”Â â€”Â 2Â Common shares withheld for taxes(81,622)(1)(15,867)â€”Â (15,868)Net incomeâ€”Â â€”Â â€”Â 37,478Â 37,478Â Balance, April 29, 202355,665,239Â $556Â $248,677Â $1,138,068Â $1,387,301Â Share-based compensation expenseâ€”Â â€”Â 5,713Â â€”Â 5,713Â Issuance of unrestricted stock awards539Â â€”Â 112Â â€”Â 112Â Exercise of options to purchase common stock700Â â€”Â 28Â â€”Â 28Â Vesting of restricted stock units and performance-based restricted stock units19,517Â â€”Â â€”Â â€”Â â€”Â Common shares withheld for taxes(1,437)â€”Â (283)â€”Â (283)Issuance of common stock to employees under employee stock purchase plan2,300Â â€”Â 440Â â€”Â 440Â Net incomeâ€”Â â€”Â â€”Â 46,835Â 46,835Â Balance, July 29, 202355,686,858Â $556Â $254,687Â $1,184,903Â $1,440,146Â See accompanying notes to consolidated financial statements.7FIVE BELOW, INC.Consolidated Statements of Cash Flows(Unaudited)(in thousands)Â Twenty-Six Weeks EndedAugust 3, 2024July 29, 2023Operating activities:Net income $64,467Â $84,313Â Adjustments to reconcile net income to net cash provided by operating activities:Depreciation and amortization78,652Â 60,068Â Share-based compensation expense 4,728Â 9,605Â Deferred income tax expense2,738Â 1,021Â Other non-cash expenses196Â 72Â Changes in operating assets and liabilities:Inventories(55,254)(15,901)Prepaid income taxes and tax receivable(9,306)(1,626)Prepaid expenses and other assets13,856Â 6,644Â Accounts payable887Â 17,674Â Income taxes payable(41,772)(19,928)Accrued salaries and wages(17,454)859Â Operating leases37,878Â 20,782Â Other accrued expenses18,078Â 5,685Â Net cash provided by operating activities97,694Â 169,268Â Investing activities:Purchases of investment securities and other investments(4,508)(128,950)Sales, maturities, and redemptions of investment securities173,958Â 93,982Â Capital expenditures(191,472)(116,423)Net cash used in investing activities(22,022)(151,391)Financing activities:Net proceeds from issuance of common stock600Â 440Â Repurchase and retirement of common stock(40,226)â€”Â Proceeds from exercise of options to purchase common stock and vesting of restricted and performance-based restricted stock units1Â 54Â Common shares withheld for taxes(6,757)(16,151)Net cash used in financing activities(46,382)(15,657)Net increase in cash and cash equivalents29,290Â 2,220Â Cash and cash equivalents at beginning of period179,749Â 332,324Â Cash and cash equivalents at end of period$209,039Â $334,544Â Supplemental disclosures of cash flow information:Non-cash investing activities(Decrease) Increase in accrued purchases of property and equipment(128)31,801Â See accompanying notes to consolidated financial statements.8FIVE BELOW, INC.Notes to Consolidated Financial Statements(Unaudited)(1) Summary of Significant Accounting Policies(a)Description of BusinessFive Below, Inc. is a specialty value retailer offering merchandise targeted at the tween and teen demographic. The Company offers an edited assortment of products, with most priced at $5 and below. As used herein, â€œFive Below,â€ the â€œCompany,â€ refers to Five Below, Inc. (collectively with its wholly owned subsidiaries), except as expressly indicated or unless the context otherwise requires. As used herein, references to â€œCrewâ€ refer to the Company's employees, and references to â€œShipcentersâ€ refer to the Company's distribution and logistics centers.The Companyâ€™s edited assortment of products includes select brands and licensed merchandise. The Company believes its merchandise is readily available, and that there are a number of potential vendors that could be utilized, if necessary, under approximately the same terms the Company is currently receiving; thus, it is not dependent on a single vendor or a group of vendors. The Company is incorporated in the Commonwealth of Pennsylvania and, as of AugustÂ 3, 2024, operated in 43 states, excluding Alaska, Hawaii, Idaho, Montana, Oregon, Washington, and Wyoming. As of AugustÂ 3, 2024 and JulyÂ 29, 2023, the Company operated 1,667Â stores and 1,407 stores, respectively, each operating under the name â€œFiveÂ Below.â€ The Company also sells its merchandise on the internet, through the Company's fivebelow.com e-commerce website, offering home delivery and the option to buy online and pick up in store. Additionally, the Company sells merchandise through on-demand third-party delivery services to enable its customers to shop online and receive convenient delivery.(b)Fiscal YearThe Company operates on a 52/53-week fiscal year ending on the Saturday closest to JanuaryÂ 31. References to "fiscal year 2024" or "fiscal 2024" refer to the period from February 4, 2024 to February 1, 2025, which is a 52-week fiscal year. References to "fiscal year 2023" or "fiscal 2023" refer to the period from January 29, 2023 to February 3, 2024, which is a 53-week fiscal year. The fiscal quarters ended August 3, 2024 and July 29, 2023 refer to the thirteen weeks ended as of those dates. The year-to-date periods ended August 3, 2024 and July 29, 2023 refer to the twenty-six weeks ended as of those dates. (c)Basis of PresentationThe consolidated balance sheets as of AugustÂ 3, 2024 and JulyÂ 29, 2023, the consolidated statements of operations for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 and JulyÂ 29, 2023, the consolidated statements of shareholdersâ€™ equity for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 and JulyÂ 29, 2023 and the consolidated statements of cash flows for the twenty-six weeks ended AugustÂ 3, 2024 and JulyÂ 29, 2023 have been prepared by the Company in conformity with U.S. generally accepted accounting principles (â€œU.S. GAAPâ€) for interim reporting and are unaudited. In the opinion of management, the aforementioned financial statements include all known adjustments (which consist primarily of normal, recurring accruals, estimates and assumptions that impact the financial statements) necessary to present fairly the financial position at the balance sheet dates and the results of operations and cash flows for the periods ended AugustÂ 3, 2024 and JulyÂ 29, 2023. The balance sheet as of FebruaryÂ 3, 2024, presented herein, has been derived from the audited balance sheet included in the Company's Annual Report on Form 10-K for fiscal 2023 as filed with the Securities and Exchange Commission on MarchÂ 21, 2024 and referred to herein as the â€œAnnual Report,â€ but does not include all annual disclosures required by U.S. GAAP. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the fiscal year ended FebruaryÂ 3, 2024 and footnotes thereto included in the Annual Report. The consolidated results of operations for the thirteen and twenty-six weeks AugustÂ 3, 2024 and JulyÂ 29, 2023 are not necessarily indicative of the consolidated operating results for the year ending FebruaryÂ 1, 2025 or any other period. The Company's business is seasonal and as a result, the Company's net sales fluctuate from quarter to quarter. Net sales are usually highest in the fourth fiscal quarter due to the year-end holiday season.9(d)Recently Issued Accounting PronouncementsIn November 2023, the FASB issued ASU No. 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures. This new guidance is designed to improve the disclosures about a public entityâ€™s reportable segments and address requests from investors for more detailed information about a reportable segmentâ€™s expenses on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Public entities must adopt the changes to the segment reporting guidance on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-07 on its consolidated financial statements and related disclosures. In December 2023, the FASB issued ASU No. 2023-09, Income Taxes - Improvements to Income Tax Disclosures. This new guidance requires consistent categories and enhanced disaggregation of information in the rate reconciliation and enhanced disaggregation of income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements and related disclosures.(e)Use of EstimatesThe preparation of the consolidated financial statements requires management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, net realizable value for inventories, income taxes, share-based compensation expense, the incremental borrowing rate utilized in operating lease liabilities, equity method investments and notes receivable.(f)Fair Value of Financial InstrumentsFair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation at the measurement date: Level 1: Quoted market prices in active markets for identical assets or liabilities. Level 2: Inputs, other than Level 1, that are either directly or indirectly observable. Level 3: Unobservable inputs developed using the Companyâ€™s estimates and assumptions which reflect those that market participants would use. The classification of fair value measurements within the hierarchy are based upon the lowest level of input that is significant to the measurement. The Companyâ€™s financial instruments consist primarily of cash equivalents, investment securities, accounts payable, borrowings, if any, under a line of credit, equity method investments and notes receivable. The Company believes that: (1) the carrying value of cash equivalents and accounts payable are representative of their respective fair value due to the short-term nature of these instruments; and (2) the carrying value of the borrowings, if any, under the line of credit approximates fair value because the line of creditâ€™s interest rates vary with market interest rates. Under the fair value hierarchy, the fair market values of cash equivalents and the investments in corporate bonds are Level 1 while the investments in municipal bonds are Level 2. The fair market values of Level 2 instruments are determined by management with the assistance of a third-party pricing service. Since quoted prices in active markets for identical assets are not available, these prices are determined by the third-party pricing service using observable market information such as quotes from less active markets and quoted prices of similar securities. As of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023, the Company had cash equivalents of $187.2 million, $154.9 million and $297.6 million, respectively. The Companyâ€™s cash equivalents typically consist of cash management solutions, credit and debit card receivables, money market funds, corporate bonds and municipal bonds with original maturities of 90 days or less. Fair value for cash equivalents was determined based on Level 1 inputs.As of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023, the Company's investment securities are classified as held-to-maturity since the Company has the intent and ability to hold the investments to maturity. Such securities are carried at amortized cost plus accrued interest and consist of the following (in thousands):10As of August 3, 2024Amortized CostGross Unrealized GainsGross Unrealized LossesFair Market ValueShort-term:Corporate bonds$118,680Â $â€”Â $52Â $118,628Â Total$118,680Â $â€”Â $52Â $118,628Â As of February 3, 2024Amortized CostGross Unrealized GainsGross Unrealized LossesFair Market ValueShort-term:Corporate bonds$280,067Â $â€”Â $154Â $279,913Â Municipal bonds272Â â€”Â â€”Â 272Â Total$280,339Â $â€”Â $154Â $280,185Â Long-term:Corporate bonds$7,791Â $â€”Â $8Â $7,783Â Total$7,791Â $â€”Â $8Â $7,783Â As of July 29, 2023Amortized CostGross Unrealized GainsGross Unrealized LossesFair Market ValueShort-term:Corporate bonds$101,813Â $â€”Â $18Â $101,795Â Total$101,813Â $â€”Â $18Â $101,795Â Short-term investment securities as of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023 all mature in one year or less. Long-term investment securities as of FebruaryÂ 3, 2024 all mature after one year but in less than two years.(g)Prepaid Expenses and Other Current AssetsPrepaid expenses as of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023 were $33.9 million, $30.5 million, and $33.1 million, respectively. Other current assets as of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023 were $103.0 million, $123.5 million, and $88.3 million, respectively.(h)Other Accrued ExpensesOther accrued expenses include accrued capital expenditures of $49.3 million, $48.3 million, and $65.1 million as of AugustÂ 3, 2024, FebruaryÂ 3, 2024 and JulyÂ 29, 2023, respectively.(i)Deferred CompensationThe Five Below, Inc. Non qualified Deferred Compensation Plan (the "Deferred Comp Plan") and a related, irrevocable grantor trust (the "Trust") provides eligible key crew with the opportunity to elect to defer up to 80% of their eligible compensation. The Company may make discretionary contributions, at the discretion of the Board. Payments under the Deferred Comp Plan will be made from the general assets of the Company or from the assets of the Trust, funded by the Company. The related liability is recorded as deferred compensation and included in other long-term liabilities in the consolidated balance sheets.(2)Revenue from Contracts with CustomersRevenue TransactionsRevenue from store operations, including third party delivery services, is recognized at the point of sale when control of the product is transferred to the customer at such time. Internet sales, through the Company's fivebelow.com e-commerce website, are recognized when the customer receives the product as control transfers upon delivery. Returns subsequent to the period end are immaterial; accordingly, no significant reserve has been recorded. Gift card sales to customers are initially recorded as liabilities and recognized as sales upon redemption for merchandise or as breakage revenue in proportion to the pattern of redemption of the gift cards by the customer in net sales.11The transaction price for the Companyâ€™s sales is based on the itemâ€™s stated price. To the extent that the Company charges customers for shipping and handling on e-commerce sales, the Company records such amounts in net sales. Shipping and handling costs, which include fulfillment and shipping costs related to the Company's e-commerce operations, are included in costs of goods sold. As permitted by applicable accounting guidance, ASU 2014-09 "Revenue from Contracts with Customers," the Company has elected to exclude all sales taxes collected from customers and remitted to governmental authorities from net sales in the accompanying consolidated statements of operations.Disaggregation of Revenue The following table provides information about disaggregated revenue by groups of products: leisure, fashion and home, and snack and seasonal (dollars in thousands): Thirteen Weeks EndedThirteen Weeks EndedAugust 3, 2024July 29, 2023AmountPercentage of Net SalesAmountPercentage of Net SalesLeisure $374,905Â 45.2Â %$360,110Â 47.5Â %Fashion and home249,386Â 30.0Â %219,668Â 28.9Â %Snack and seasonal 205,778Â 24.8Â %179,203Â 23.6Â %Total$830,069Â 100.0Â %$758,981Â 100.0Â %Twenty-Six Weeks EndedTwenty-Six Weeks EndedAugust 3, 2024July 29, 2023AmountPercentage of Net SalesAmountPercentage of Net SalesLeisure $748,739Â 45.6Â %$710,308Â 47.8Â %Fashion and home477,658Â 29.1Â %$415,505Â 28.0Â %Snack and seasonal 415,535Â 25.3Â %$359,415Â 24.2Â %Total$1,641,932Â 100.0Â %$1,485,228Â 100.0Â %(3) LeasesThe Company determines if an arrangement contains a lease at the inception of a contract. Operating lease assets represent the Companyâ€™s right to use an underlying asset for the lease term and operating lease liabilities represent the Companyâ€™s obligation to make lease payments arising from the lease. During the thirteen weeks ended AugustÂ 3, 2024, the Company committed to 48 new store leases with average terms of approximately 10 years that have future minimum lease payments of approximately $85.1 million.All of the Company's leases are classified as operating leases and the associated assets and liabilities are presented as separate captions in the consolidated balance sheets. As of AugustÂ 3, 2024 and JulyÂ 29, 2023, the weighted average remaining lease term for the Company's operating leases was 7.5 years and 7.4 years, respectively, and the weighted average discount rate was 5.4% and 5.2%, respectively.The following table is a summary of the Company's components for net lease costs (in thousands):Thirteen Weeks EndedTwenty-Six Weeks EndedLease CostAugust 3, 2024July 29, 2023August 3, 2024July 29, 2023Operating lease cost$76,393Â $65,081Â $150,011Â $127,427Â Variable lease cost23,241Â 18,536Â 44,972Â 36,746Â Net lease cost*$99,634Â $83,617Â $194,983Â $164,173Â * Excludes short-term lease cost, which is immaterial.12The following table summarizes the maturity of lease liabilities under operating leases as of AugustÂ 3, 2024 (in thousands):Maturity of Lease LiabilitiesOperating Leases2024$166,759Â 2025336,350Â 2026324,327Â 2027304,079Â 2028279,406Â After 2028895,358Â Total lease payments2,306,279Â Less: imputed interest411,784Â Present value of lease liabilities$1,894,495Â The following table summarizes the supplemental cash flow disclosures related to leases (in thousands):Twenty-Six Weeks EndedAugust 3, 2024July 29, 2023Cash paid for amounts included in the measurement of lease liabilities:Cash payments arising from operating lease liabilities (1)$112,933Â $108,649Â Supplemental non-cash information:Operating lease liabilities arising from obtaining right-of-use assets$212,454Â $166,593Â (1) Included within operating activities in the Company's Consolidated Statements of Cash Flows.(4) Income Per Common ShareBasic income per common share amounts are calculated using the weighted average number of common shares outstanding for the period. Diluted income per common share amounts are calculated using the weighted average number of common shares outstanding for the period and include the dilutive impact of exercised stock options as well as assumed vesting of restricted stock awards and shares currently available for purchase under the Company's Employee Stock Purchase Plan, using the treasury stock method. Performance-based restricted stock units are considered contingently issuable shares for diluted income per common share purposes and the dilutive impact, if any, is not included in the weighted average shares until the performance conditions are met. The dilutive impact, if any, for performance-based restricted stock units, which are subject to market conditions based on the Company's total shareholder return relative to a pre-defined peer group, are included in the weighted average shares.13The following table reconciles net income and the weighted average common shares outstanding used in the computations of basic and diluted income per common share (in thousands, except for share and per share data):Thirteen Weeks EndedTwenty-Six Weeks EndedÂ August 3, 2024July 29, 2023August 3, 2024July 29, 2023Numerator:Net income $33,000Â $46,835Â $64,467Â $84,313Â Denominator:Weighted average common shares outstanding - basic55,027,663Â 55,675,357Â 55,097,840Â 55,662,930Â Dilutive impact of options, restricted stock units and employee stock purchase plan14,925Â 126,150Â 51,053Â 126,393Â Weighted average common shares outstanding - diluted55,042,588Â 55,801,507Â 55,148,893Â 55,789,323Â Per common share:Basic income per common share$0.60Â $0.84Â $1.17Â $1.51Â Diluted income per common share$0.60Â $0.84Â $1.17Â $1.51Â The effects of the assumed vesting of restricted stock units for 169,941 shares of common stock for the thirteen weeks ended AugustÂ 3, 2024 were excluded from the calculation of diluted income per share, as their impact would have been anti-dilutive.The effects of the assumed vesting of restricted stock units for 464 shares of common stock for the thirteen weeks ended JulyÂ 29, 2023 were excluded from the calculation of diluted income per share, as their impact would have been anti-dilutive.The effects of the assumed vesting of restricted stock units for 90,272 shares of common stock for the twenty-six weeks ended AugustÂ 3, 2024 were excluded from the calculation of diluted income per share, as their impact would have been anti-dilutive.The effects of the assumed vesting of restricted stock units for 9,485 shares of common stock for the twenty-six weeks ended JulyÂ 29, 2023 were excluded from the calculation of diluted income per share, as their impact would have been anti-dilutive.The aforementioned excluded shares do not reflect the impact of any incremental repurchases under the treasury stock method.(5)Line of CreditOn September 16, 2022, the Company entered into a Second Amendment to Credit Agreement (the "Second Amendment") which amended the Fifth Amended and Restated Credit Agreement, dated as of April 24, 2020, as previously amended by that certain First Amendment to Credit Agreement, dated as of January 27, 2021 (the "First Amendment"; the Fifth Amended and Restated Credit Agreement as amended by the First Amendment and the Second Amendment, the â€œCredit Agreementâ€), among the Company, 1616 Holdings, Inc., a wholly-owned subsidiary of the Company ("1616 Holdings" and together with the Company, the "Loan Parties"), Wells Fargo Bank, National Association as administrative agent (the "Agent"), and other lenders party thereto (the "Lenders"). The Credit Agreement provides for a secured asset-based revolving line of credit in the amount of up to $225.0 million (the "Revolving Credit Facility"). Advances under the Revolving Credit Facility are tied to a borrowing base consisting of eligible credit card receivables and inventory, as reduced by certain reserves in effect from time to time. Pursuant to the Credit Agreement, inventory appraisals and certain other diligence items are deferred, with reduced advance rates during the period that such appraisals have not been delivered. Pursuant to the Second Amendment, the Revolving Credit Facility expires on the earliest to occur of (i) September 16, 2027 or (ii) an event of default. The Second Amendment also replaced the existing London Interbank Offered Rate ("LIBOR") provisions with Secured Overnight Financing Rate ("SOFR") provisions which converted then outstanding LIBOR loans into SOFR loans and additionally makes a number of other revisions to other provisions of the Credit Agreement. Giving effect to the Second Amendment, outstanding borrowings under the Revolving Credit Facility would accrue interest at floating rates plus an applicable margin ranging from 1.12% to 1.50% for SOFR loans and 0.125% to 0.50% for base rate loans, and letter of credit fees range from 1.125% to 1.50%, in each case based on the average availability under the Revolving Credit Facility.14The Revolving Credit Facility may be increased by up to an additional $150.0 million, subject to certain conditions, including obtaining commitments from one or more Lenders (the "Accordion"). Pursuant to the First Amendment, the Company obtained commitments from the Lenders that would allow the Company at its election (subject only to satisfaction of certain customary conditions such as the absence of any Event of Default), to increase the amount of the Revolving Credit Facility by an aggregate principal amount up to $50.0 million within the Accordion. The entire amount of the Revolving Credit Facility is available for the issuance of letters of credit and allows for swingline loans.The Credit Agreement contains customary covenants that limit, absent lender approval, the ability of the Company and certain of its affiliates to, among other things, pay cash dividends, incur debt, create liens and encumbrances, redeem or repurchase stock, enter into certain acquisition transactions with affiliates, merge, dissolve, repay certain indebtedness, change the nature of the Companyâ€™s business, enter sale or leaseback transactions, make investments or dispose of assets. In some cases, these restrictions are subject to certain negotiated exceptions or permit the Company to undertake otherwise restricted activities if it satisfies certain conditions. In addition, the Company will be required to maintain availability of not less than (i) 12.5% of the lesser of (x) aggregate commitments under the Revolving Credit Facility and (y) the borrowing base (the "loan cap") during the period that inventory appraisals have not been delivered as described above and (ii) at all other times 10.0% of the loan cap. If there exists an event of default or availability under the Revolving Credit Facility is less than 15% of the loan cap, amounts in any of the Loan Partiesâ€™ or subsidiary guarantors' designated deposit accounts will be transferred daily into a blocked account held by the Agent and applied to reduce outstanding amounts under the Revolving Credit Facility (the "Cash Dominion Event"), so long as (i) such event of default has not been waived and/or (ii) until availability has exceeded 15% of the loan cap for sixty (60) consecutive calendar days (provided that such ability to discontinue the Cash Dominion Event shall be limited to two times during the term of the Credit Agreement). The Credit Agreement contains customary events of default including, among other things, failure to pay obligations when due, initiation of bankruptcy or insolvency proceedings, defaults on certain other indebtedness, change of control, incurrence of certain material judgments that are not stayed, satisfied, bonded or discharged within 30 days, certain ERISA events, invalidity of the credit documents, and violation of affirmative and negative covenants or breach of representations and warranties set forth in the Credit Agreement. Amounts under the Revolving Credit Facility may become due upon events of default (subject to any applicable grace or cure periods). All obligations under the Revolving Credit Facility are guaranteed by 1616 Holdings and secured by substantially all of the assets of the Company and 1616 Holdings.As of AugustÂ 3, 2024, the Company had no borrowings under the Revolving Credit Facility and had approximately $225 million available under the Revolving Credit Facility. As of AugustÂ 3, 2024 and JulyÂ 29, 2023, the Company was in compliance with the covenants applicable to it under the Credit Agreement. (6)Commitments and ContingenciesCommitmentsOther Contractual CommitmentsAs of AugustÂ 3, 2024, the Company has other purchase commitments of approximately $3.6 million consisting of purchase agreements for materials that will be used in the construction of new stores. 15ContingenciesLegal MattersThe Company is subject to various proceedings, lawsuits, disputes, and claims arising in the ordinary course of the Company's business. Many of these actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against the Company from time to time include commercial, intellectual property, customer, and employment actions, including class action lawsuits. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. Actions are in various procedural stages, and some are covered in part by insurance. The Company cannot predict with assurance the outcome of actions brought against the Company. Accordingly, adverse developments, settlements, or resolutions may occur and negatively impact income in the quarter of such development, settlement or resolution. If a potential loss arising from these lawsuits, claims and pending actions is probable and reasonably estimable, the Company records the estimated liability based on circumstances and assumptions existing at the time. Although the outcome of these and other claims cannot be predicted with certainty, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company's financial condition or results of operations. On August 1, 2024, a putative class action was filed against Five Below, Inc. and a certain former senior officer in the United States District Court for the Eastern District of Pennsylvania, purportedly on behalf of a class of the Company's investors who purchased or otherwise acquired our publicly traded securities between March 20, 2024 and July 16, 2024. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder in connection with various public statements made by us. The Company intends to vigorously defend against these actions, which the Company believes to be without merit. The potential impact of these actions, which seek unspecified damages, attorneysâ€™ fees and expenses, is uncertain.(7)Share-Based CompensationEquity Incentive PlanPursuant to the Company's 2022 Equity Incentive Plan (the â€œPlanâ€), the Companyâ€™s Board of Directors may grant stock options, restricted shares, and restricted stock units to officers, directors, key crew and professional service providers. The Plan allows for the issuance of up to a total of 4.3 million shares under the Plan. As of AugustÂ 3, 2024, approximately 3.1 million stock options, restricted shares, or restricted stock units were available for grant.Common Stock OptionsAll stock options have a term not greater than ten years. Stock options vest and become exercisable in whole or in part, in accordance with vesting conditions set by the Companyâ€™s Board of Directors. Options granted to date generally vest over four years from the date of grant. Stock option activity during the twenty-six weeks ended AugustÂ 3, 2024 was as follows:OptionsOutstandingWeightedAverageExercisePriceWeightedAverageRemainingContractualTerm(in years)Balance as of February 3, 202410,126Â $33.48Â 1.6Grantedâ€”Â â€”Â Forfeitedâ€”Â â€”Â Exercisedâ€”Â â€”Â Balance as of August 3, 202410,126Â 33.48Â 1.0Exercisable as of August 3, 202410,126Â $33.48Â 1.0The fair value of each option award granted to crew, including outside directors, is estimated on the date of grant using the Black-Scholes option-pricing model. There were no stock options granted, forfeited or exercised during the twenty-six weeks ended AugustÂ 3, 2024.Restricted Stock Units and Performance-Based Restricted Stock UnitsAll restricted stock units ("RSU") and performance-based restricted stock units ("PSU") vest in accordance with vesting conditions set by the compensation committee of the Companyâ€™s Board of Directors. RSUs and PSUs granted to date generally have vesting periods ranging from less than one year to four years from the date of grant. The fair value of RSUs is the market price of the underlying common stock on the date of grant. PSUs granted to date have vesting periods ranging from less than one year to five years from the date of grant.16PSUs that have a performance condition are subject to satisfaction of the applicable performance goals established for the respective grant. The Company periodically assesses the probability of achievement of the performance criteria and adjusts the amount of compensation expense accordingly. The fair value of these PSUs is the market price of the underlying common stock on the date of grant. Compensation is recognized over the vesting period and adjusted for the probability of achievement of the performance criteria. PSUs that have a market condition based on the Company's total shareholder return relative to a pre-defined peer group are subject to multi-year performance objectives with vesting periods of approximately three years from the date of grant (if the applicable performance objectives are achieved). The fair value of these PSUs are determined using a Monte Carlo simulation model, which utilizes multiple input variables such as (i) total shareholder return from the beginning of the performance cycle through the performance measurement date(s); (ii) volatility; (iii) risk-free interest rates; and (iv) the correlation of the pre-defined peer group's total shareholder return.RSU and PSU activity during the twenty-six weeks ended AugustÂ 3, 2024 was as follows:Restricted Stock UnitsPerformance-Based Restricted Stock UnitsNumberWeighted-Average Grant Date Fair ValueNumberWeighted-Average Grant Date Fair ValueNon-vested balance as of February 3, 2024196,309Â $163.82Â 299,394Â $206.07Â Granted401,829Â 92.11Â 214,080Â 147.04Â Vested(73,249)143.67Â (29,075)195.43Â Forfeited(33,608)177.71Â (214,047)193.30Â Non-vested balance as of August 3, 2024491,281Â $107.22Â 270,352Â $170.58Â In connection with the vesting of RSUs and PSUs during the twenty-six weeks ended AugustÂ 3, 2024, the Company withheld 34,891 shares with an aggregate value of $6.8 million in satisfaction of minimum tax withholding obligations due upon vesting.In connection with the vesting of RSUs and PSUs during the twenty-six weeks ended JulyÂ 29, 2023, the Company withheld 83,059 shares with an aggregate value of $16.2 million in satisfaction of minimum tax withholding obligations due upon vesting.As of AugustÂ 3, 2024, there was $55.6 million of total unrecognized compensation costs related to non-vested share-based compensation arrangements (including RSUs and PSUs) granted under the Plan. The cost is expected to be recognized over a weighted average vesting period of 2.3 years.Share Repurchase ProgramOn June 14, 2022, the Company's Board of Directors approved a new share repurchase program for up to $100Â million of the Company's common stock through June 30, 2025. In fiscal 2023, the Company repurchased 504,369 shares under this program at an aggregate cost of approximately $80.0Â million, or an average price of $158.63 per share. This program was retired on November 27, 2023.On November 27, 2023, the Company's Board of Directors approved a new share repurchase program for up to $100Â million of the Company's common stock through November 27, 2026. During the twenty-six weeks ended August 3, 2024, the Company repurchased 266,997 shares at an aggregate cost of approximately $40.0Â million, or average price of $149.79 per share. Since approval of the share repurchase program in March 2018, the Company has purchased approximately 1.9 million shares for an aggregate cost of approximately $270 million. There can be no assurances that any additional repurchases will be completed, or as to the timing or amount of any repurchases. The share repurchase program may be modified or discontinued at any time.17(8)Income TaxesThe following table summarizes the Companyâ€™s income tax expense and effective tax rates for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 and JulyÂ 29, 2023 (dollars in thousands):Thirteen Weeks EndedTwenty-Six Weeks EndedAugust 3, 2024July 29, 2023August 3, 2024July 29, 2023Income before income taxes$44,563Â $62,936Â $85,703Â $108,995Â Income tax expense$11,563Â $16,101Â $21,236Â $24,682Â Effective tax rate25.9Â %25.6Â %24.8Â %22.6Â %The effective tax rates for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 and JulyÂ 29, 2023 were based on the Companyâ€™s forecasted annualized effective tax rates and were adjusted for discrete items that occurred within the periods presented. The effective tax rate for the thirteen weeks ended AugustÂ 3, 2024 was higher than the thirteen weeks ended JulyÂ 29, 2023 primarily due to discrete items, which includes the impact of share-based accounting, partially offset by non-deductible expenses. The effective tax rate for the twenty-six weeks ended AugustÂ 3, 2024 was higher than the twenty-six weeks ended JulyÂ 29, 2023 primarily due to discrete items, which includes the impact of share-based accounting, partially offset by non-deductible expenses. The Company had no material accrual for uncertain tax positions or interest and/or penalties related to income taxes on the Companyâ€™s balance sheets as of AugustÂ 3, 2024, FebruaryÂ 3, 2024 or JulyÂ 29, 2023 and has not recognized any material uncertain tax positions or interest and/or penalties related to income taxes in the consolidated statements of operations for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 or JulyÂ 29, 2023. The Company files a federal income tax return as well as state tax returns. The Companyâ€™s U.S. federal income tax returns for the fiscal years ended January 30, 2021 and thereafter remain subject to examination by the U.S. Internal Revenue Service. State returns are filed in various state jurisdictions, as appropriate, with varying statutes of limitation and remain subject to examination for varying periods up to three years to four years depending on the state.ITEM 2. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSYou should read the following discussion together with â€œSelected Financial Dataâ€ and the consolidated financial statements and related notes included in our Annual Report on Form 10-K for our fiscal year ended FebruaryÂ 3, 2024 and referred to herein as the "Annual Report," and the consolidated financial statements and related notes as of and for the thirteen and twenty-six weeks ended AugustÂ 3, 2024 included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The statements in this discussion regarding expectations of our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described below in â€œSpecial Note Regarding Forward-Looking Statementsâ€ and in Part II, Item 1A "Risk Factors." Our actual results may differ materially from those contained in or implied by any forward-looking statements.We operate on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to JanuaryÂ 31 of the following year. References to "fiscal year 2024" or "fiscal 2024" refer to the period from February 4, 2024 to February 1, 2025, which is a 52-week fiscal year. References to "fiscal year 2023" or "fiscal 2023" refer to the period from January 29, 2023 to February 3, 2024, which is a 53-week fiscal year. The fiscal quarters ended August 3, 2024 and July 29, 2023 refer to the thirteen weeks ended as of those dates. The year-to-date periods ended August 3, 2024 and July 29, 2023 refer to the twenty-six weeks ended as of those dates. Historical results are not necessarily indicative of the results to be expected for any future period and results for any interim period may not necessarily be indicative of the results that may be expected for a full year.SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTSThis Quarterly Report on Form 10-Q contains forward-looking statements pursuant to the â€œsafe harborâ€ provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts or present facts or conditions, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the introduction of new merchandise, and the implementation of our marketing and branding strategies. Forward-looking statements frequently are identified by terms such as â€œmay,â€ â€œwill,â€ â€œshould,â€ â€œexpects,â€ â€œplans,â€ â€œanticipates,â€ â€œbelieves,â€ â€œestimates,â€ â€œpredicts,â€ â€œpotentialâ€ or the negative of these terms or other comparable terminology.18The forward-looking statements contained in this Quarterly Report on Form 10-Q reflect our views as of the date of this report about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in Part I, Item 1A â€œRisk Factorsâ€ in our Annual Report, as amended by the risk factors included in Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q. These factors include without limitation:â€¢the impacts of inflation and increasing commodity prices;â€¢failure to successfully implement our growth strategy;â€¢disruptions in our ability to select, obtain, distribute and market merchandise profitably;â€¢reliance on merchandise manufactured outside of the United States;â€¢the direct and indirect impact of current and potential tariffs imposed and proposed by the United States on foreign imports, including, without limitation, the tariffs themselves, any counter-measures thereto and any indirect effects on consumer discretionary spending, which could increase the cost to us of certain products, lower our margins, increase our import related expenses, and reduce consumer spending for discretionary items, each of which could have a material adverse effect on our business, financial condition and results of future operations;â€¢the impact of price increases, such as, a reduction in our unit sales, damage to our reputation with our customers, and our becoming less competitive in the marketplace;â€¢dependence on the volume of traffic to our stores and website;â€¢inability to successfully build, operate or expand our shipcenters or network capacity;â€¢disruptions to the global supply chain, increased cost of freight, constraints on shipping capacity to transport inventory or the timely receipt of inventory;â€¢extreme weather conditions in the areas in which our stores are located could negatively affect our business and results of operations;â€¢disruptions in our information technology systems and our inability to maintain and update those systems could adversely affect operations and our customers; â€¢systemic failure of the banking system in the United States or globally;â€¢the risks of cyberattacks or other cyber incidents, such as the failure to secure customers' confidential or credit card information, or other private data relating to our crew or our Company, including the costs associated with protection against or remediation of such incidents;â€¢increased usage of machine learning and other types of artificial intelligence in our business, and challenges with properly managing its use;â€¢increased operating costs or exposure to fraud or theft due to customer payment-related risks;â€¢inability to increase sales and improve the efficiencies, costs and effectiveness of our operations;â€¢dependence on our executive officers, senior management and other key personnel or inability to hire additional qualified personnel;â€¢inability to successfully manage our inventory balances and inventory shrinkage;â€¢inability to meet our lease obligations;â€¢the costs and risks of constructing and owning real property;â€¢changes in our competitive environment, including increased competition from other retailers and the presence of online retailers;â€¢the seasonality of our business;â€¢inability to successfully implement our expansion into online retail;â€¢natural disasters, adverse weather conditions, pandemic outbreaks, global political events, war, terrorism or civil unrest;â€¢the impact of changes in tax legislation;â€¢the impact to our financial performance related to insurance programs;19â€¢inability to protect our brand name, trademarks and other intellectual property rights; â€¢the impact of product and food safety claims and effects of legislation; andâ€¢restrictions imposed by our indebtedness on our current and future operations.Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. All of the forward-looking statements we have included in this Quarterly Report on Form 10-Q are based on information available to us on the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law.OverviewFive Below, Inc. (collectively referred to herein with its wholly owned subsidiaries as "we," "us," or "our") is a rapidly growing specialty value retailer offering a broad range of trend-right, high-quality merchandise targeted at the tween and teen customer. We offer a dynamic, edited assortment of exciting products, with most priced at $5 and below, including select brands and licensed merchandise across our category worlds. In fiscal 2019, we rolled out new pricing to our full chain, increasing prices on certain products over $5. Most of our products remain at $5 and below. As of AugustÂ 3, 2024, we operated 1,667 stores in 43 states.We also offer our merchandise on the internet, through our fivebelow.com e-commerce website, offering home delivery and the option to buy online and pick up in store. Additionally, we sell merchandise through on-demand third-party delivery services to enable our customers to shop online and receive convenient delivery. All e-commerce sales, which includes shipping and handling revenue, are included in net sales and are included in comparable sales. Our e-commerce expenses will have components classified as both cost of goods sold and selling, general and administrative expenses (including depreciation and amortization).How We Assess the Performance of Our BusinessIn assessing the performance of our business, we consider a variety of performance and financial measures. These key measures include net sales, comparable sales, cost of goods sold and gross profit, selling, general and administrative expenses (including depreciation and amortization) and operating income.Net SalesNet sales constitute gross sales net of merchandise returns for damaged or defective goods. Net sales consist of sales from comparable stores, non-comparable stores, and e-commerce, which includes shipping and handling revenue. Revenue from the sale of gift cards is deferred and not included in net sales until the gift cards are redeemed to purchase merchandise or as breakage revenue in proportion to the pattern of redemption of the gift cards by the customer.Our business is seasonal and as a result, our net sales fluctuate from quarter to quarter. Net sales are usually highest in the fourth fiscal quarter due to the year-end holiday season. Comparable SalesComparable sales include net sales from stores that have been open for at least 15 full months from their opening date, and e-commerce sales. Comparable stores include the following:â€¢Stores that have been remodeled while remaining open;â€¢Stores that have been relocated within the same trade area, to a location that is not significantly different in size, in which the new store opens at about the same time as the old store closes; andâ€¢Stores that have expanded, but are not significantly different in size, within their current locations.For stores that are relocated or expanded, the following periods are excluded when calculating comparable sales:â€¢The period beginning when the closing store receives its last merchandise delivery from one of our shipcenters through: â–ªthe last day of the fiscal year in which the store was relocated or expanded (for stores that increased significantly in size); orâ–ªthe last day of the fiscal month in which the store re-opens (for all other stores); and20â€¢The period beginning on the first anniversary of the date the store received its last merchandise delivery from one of our shipcenters through the first anniversary of the date the store re-opened.Comparable sales exclude the 53rd week of sales for 53-week fiscal years. In the 52-week fiscal year subsequent to a 53-week fiscal year, we exclude the sales in the non-comparable week from the same-store sales calculation on a restated calendar basis using the National Retail Federation's restated calendar comparing similar weeks.Due to the 53rd week in fiscal 2023, comparable sales for the thirteen and twenty-six weeks ended August 3, 2024 are reported on a restated calendar basis. Reference to the "restated calendar" is based on using the National Retail Federation's restated calendar comparing similar weeks, which are the thirteen weeks from May 5, 2024 to August 3, 2024 as compared to the thirteen weeks from May 7, 2023 to August 5, 2023 and the twenty-six weeks from February 4, 2024 to August 3, 2024 as compared to the twenty-six weeks from February 5, 2023 to August 5, 2023.There may be variations in the way in which some of our competitors and other retailers calculate comparable or â€œsame storeâ€ sales. As a result, data in this Quarterly Report on Form 10-Q regarding our comparable sales may not be comparable to similar data made available by other retailers. Non-comparable sales are comprised of new store sales, sales for stores not open for a full 15 months, and sales from existing store relocation and expansion projects that were temporarily closed (or not receiving deliveries) and not included in comparable sales.Measuring the change in fiscal year-over-year comparable sales allows us to evaluate how we are performing. Various factors affect comparable sales, including:â€¢consumer preferences, buying trends and overall economic trends;â€¢our ability to identify and respond effectively to customer preferences and trends;â€¢our ability to provide an assortment of high-quality, trend-right and everyday product offerings that generate new and repeat visits to our stores;â€¢the customer experience we provide in our stores and online;â€¢the level of traffic near our locations in the power, community and lifestyle centers in which we operate;â€¢competition;â€¢changes in our merchandise mix;â€¢pricing;â€¢our ability to source and distribute products efficiently;â€¢the timing of promotional events and holidays;â€¢the timing of introduction of new merchandise and customer acceptance of new merchandise;â€¢our opening of new stores in the vicinity of existing stores; â€¢the number of items purchased per store visit;â€¢weather conditions; andâ€¢the impacts associated with the COVID-19 pandemic, including closures of our stores, adverse impacts on our operations, and consumer sentiment regarding discretionary spending.Opening new stores is an important part of our growth strategy. As we continue to pursue our growth strategy, we expect that a significant percentage of our net sales will continue to come from new stores not included in comparable sales. Accordingly, comparable sales are only one measure we use to assess the success of our growth strategy.Cost of Goods Sold and Gross ProfitGross profit is equal to our net sales less our cost of goods sold. Gross margin is gross profit as a percentage of our net sales. Cost of goods sold reflects the direct costs of purchased merchandise and inbound freight and tariffs, as well as shipping and handling costs, store occupancy, distribution and buying expenses. Shipping and handling costs include internal fulfillment and shipping costs related to our e-commerce operations. Store occupancy costs include rent, common area maintenance, utilities and property taxes for all store locations. Distribution costs include costs for receiving, processing, warehousing and shipping of merchandise from our shipcenters and between store locations. Buying costs include compensation expense and other costs for our internal buying organization, including our merchandising and product development team and our planning and allocation group. These costs are significant and can be expected to continue to increase as our Company grows.The components of our cost of goods sold may not be comparable to the components of cost of goods sold or similar measures of our competitors and other retailers. As a result, data in this Quarterly Report on Form 10-Q regarding our gross profit and gross margin may not be comparable to similar data made available by our competitors and other retailers.21The variable component of our cost of goods sold is higher in higher volume quarters because the variable component of our cost of goods sold generally increases as net sales increase. We regularly analyze the components of gross profit, a non-GAAP financial measure, as well as gross margin as it provides a useful and relevant measure to analyze our financial performance. Any inability to obtain acceptable levels of initial markups, a significant increase in our use of markdowns, and a significant increase in inventory shrinkage or inability to generate sufficient sales leverage on the store occupancy, distribution and buying components of cost of goods sold could have an adverse impact on our gross profit and results of operations. In addition, global supply chain disruptions, the cost of freight and constraints on shipping capacity to transport inventory may have an adverse impact on our gross profit and results of operations, as well as our sales. Changes in the mix of our products may also impact our overall cost of goods sold.Selling, General and Administrative Expenses (including Depreciation and Amortization)Selling, general and administrative (including depreciation and amortization), or SG&A, expenses are composed of payroll and other compensation, marketing and advertising expense, depreciation and amortization expense and other selling and administrative expenses. SG&A expenses as a percentage of net sales are usually higher in lower sales volume quarters and lower in higher sales volume quarters.The components of our SG&A expenses may not be comparable to those of other retailers. We expect that our SG&A expenses will increase in future periods due to our continuing store growth. In addition, any increase in future share-based grants, modifications or forfeitures will impact our share-based compensation expense included in SG&A expenses.Operating IncomeOperating income equals gross profit less SG&A expenses. Operating income excludes interest expense or income, other expense or income, and income tax expense or benefit. We use operating income as an indicator of the productivity of our business and our ability to manage SG&A expenses. Operating income percentage measures operating income as a percentage of our net sales.22Results of Consolidated OperationsThe following tables summarize key components of our results of consolidated operations for the periods indicated, both in dollars and as a percentage of our net sales.Â Thirteen Weeks EndedTwenty-Six Weeks EndedAugust 3, 2024July 29, 2023August 3, 2024July 29, 2023(in millions, except percentages and total stores)Consolidated Statements of Operations Data (1):Net sales$830.1Â $759.0Â $1,641.9Â $1,485.2Â Cost of goods sold (exclusive of items shown separately below)558.3Â 494.4Â 1,106.6Â 985.8Â Selling, general and administrative expenses188.8Â 175.1Â 379.0Â 338.3Â Depreciation and amortization41.5Â 30.9Â 78.7Â 60.1Â Operating income 41.5Â 58.6Â 77.7Â 101.0Â Interest income and other income3.1Â 4.3Â 8.0Â 8.0Â Income before income taxes44.6Â 62.9Â 85.7Â 109.0Â Income tax expense11.6Â 16.1Â 21.2Â 24.7Â Net income $33.0Â $46.8Â $64.5Â $84.3Â Percentage of Net Sales (1):Net sales100.0Â %100.0Â %100.0Â %100.0Â %Cost of goods sold (exclusive of items shown separately below)67.3Â 65.1Â 67.4Â 66.4Â Selling, general and administrative expenses22.7Â 23.1Â 23.1Â 22.8Â Depreciation and amortization5.0Â 4.1Â 4.8Â 4.0Â Operating income 5.0Â 7.7Â 4.7Â 6.8Â Interest income and other income0.4Â 0.6Â 0.5Â 0.5Â Income before income taxes5.4Â 8.3Â 5.2Â 7.3Â Income tax expense1.4Â 2.1Â 1.3Â 1.7Â Net income 4.0Â %6.2Â %3.9Â %5.7Â %Operational Data:Total stores at end of period1,667Â 1,407Â 1,667Â 1,407Â Comparable sales (decrease) increase(5.7)%2.7Â %(4.1)%2.7Â %Average net sales per store (2)$0.5Â $0.5Â $1.0Â $1.1Â (1)Components may not add to total due to rounding.(2)Only includes stores that opened before the beginning of the thirteen weeks ended and twenty-six weeks ended.Thirteen Weeks Ended AugustÂ 3, 2024 Compared to the Thirteen Weeks Ended JulyÂ 29, 2023Net SalesNet sales increased to $830.1 million in the thirteen weeks ended AugustÂ 3, 2024 from $759.0 million in the thirteen weeks ended JulyÂ 29, 2023, an increase of $71.1 million, or 9.4%. The increase was the result of a non-comparable sales increase of $113.6 million, partially offset by a comparable sales decrease of $42.5 million. The increase in non-comparable sales was primarily driven by the number of stores that opened in fiscal 2023 but have not been open for 15 full months and new stores that opened in fiscal 2024.Comparable sales decreased 5.7%. This decrease resulted from decreases of approximately 5.4% in the number of transactions and approximately 0.3% in the average dollar value of transactions. 23Cost of Goods Sold and Gross

ProfitCost of goods sold increased to $558.3 million in the thirteen weeks ended AugustÂ 3, 2024 from $494.4 million in the thirteen weeks ended JulyÂ 29, 2023, an increase of $63.9 million, or 12.9%. The increase in cost of goods sold was primarily the result of increases in the merchandise cost of goods sold resulting from increases in net sales and inventory shrinkage, and store occupancy costs primarily resulting from new store openings.Gross profit increased to $271.8 million in the thirteen weeks ended AugustÂ 3, 2024 from $264.6 million in the thirteen weeks ended JulyÂ 29, 2023, an increase of $7.2 million, or 2.7%. Gross margin decreased to 32.7% in the thirteen weeks ended AugustÂ 3, 2024 from 34.9% in the thirteen weeks ended JulyÂ 29, 2023, a decrease of approximately 220 basis points. The decrease in gross margin was primarily the result of decreases as a percentage of net sales in store occupancy costs and in merchandise cost of goods sold, which was primarily driven by the impact of higher inventory shrinkage. Selling, General and Administrative Expenses (including Depreciation and Amortization)Selling, general and administrative expenses (including depreciation and amortization) increased to $230.3 million in the thirteen weeks ended AugustÂ 3, 2024 from $206.0 million in the thirteen weeks ended JulyÂ 29, 2023, an increase of $24.3 million, or 11.8%. As a percentage of net sales, selling, general and administrative expenses (including depreciation and amortization) increased approximately 60 basis points to 27.7% in the thirteen weeks ended AugustÂ 3, 2024 from 27.1% in the thirteen weeks ended JulyÂ 29, 2023. The increase in selling, general and administrative expenses (including depreciation and amortization) was the result of an increase of $31.3 million in store-related expenses primarily to support new store growth, partially offset by a decrease of $7.0 million in corporate-related expenses, which includes lower incentive compensation expenses and a non-recurring stock compensation benefit. The decrease in corporate-related expenses was partially offset by the impact of new retention awards. Income Tax Expense Income tax expense decreased to $11.6 million in the thirteen weeks ended AugustÂ 3, 2024 from $16.1 million in the thirteen weeks ended JulyÂ 29, 2023, a decrease of $4.5 million or 28.2%. The decrease in income tax expense was primarily due to the $18.4 million decrease in pre-tax income and non-deductible expenses, partially offset by discrete items, which includes the impact of share-based accounting.Our effective tax rate for the thirteen weeks ended AugustÂ 3, 2024 was 25.9% compared to 25.6% in the thirteen weeks ended JulyÂ 29, 2023. Our effective tax rate for the thirteen weeks ended AugustÂ 3, 2024 was higher than the comparable prior year period primarily due to discrete items, which includes the impact of share-based accounting, partially offset by non-deductible expenses. Net IncomeAs a result of the foregoing, net income decreased to $33.0 million in the thirteen weeks ended AugustÂ 3, 2024 from $46.8 million in the thirteen weeks ended JulyÂ 29, 2023, a decrease of $13.8 million or 29.5%. Twenty-Six Weeks Ended AugustÂ 3, 2024 Compared to the Twenty-Six Weeks Ended JulyÂ 29, 2023Net SalesNet sales increased to $1,641.9 million in the twenty-six weeks ended AugustÂ 3, 2024 from $1,485.2 million in the twenty-six weeks ended JulyÂ 29, 2023, an increase of $156.7 million, or 10.6%. The increase was the result of a non-comparable sales increase of $215.8 million, partially offset by a comparable sales decrease of $59.1 million. The increase in non-comparable sales was primarily driven by the number of stores that opened in fiscal 2023 but have not been open for 15 full months and new stores that opened in fiscal 2024.Comparable sales decreased 4.1%. This decrease resulted from a decrease of approximately 4.2% in the number of transactions, partially offset by an increase of approximately 0.1% in the average dollar value of transactions. Cost of Goods Sold and Gross ProfitCost of goods sold increased to $1,106.6 million in the twenty-six weeks ended AugustÂ 3, 2024 from $985.8 million in the twenty-six weeks ended JulyÂ 29, 2023, an increase of $120.8 million, or 12.3%. The increase in cost of goods sold was primarily the result of increases in the merchandise cost of goods sold resulting from increases in net sales and inventory shrinkage, and store occupancy costs primarily resulting from new store openings.24Gross profit increased to $535.3 million in the twenty-six weeks ended AugustÂ 3, 2024 from $499.4 million in the twenty-six weeks ended JulyÂ 29, 2023, an increase of $35.9 million, or 7.2%. Gross margin decreased to 32.6% in the twenty-six weeks ended AugustÂ 3, 2024 from 33.6% in the twenty-six weeks ended JulyÂ 29, 2023, a decrease of approximately 100 basis points. The decrease in gross margin was primarily the result of a decrease as a percentage of net sales in store occupancy costs.Selling, General and Administrative Expenses (including Depreciation and Amortization)Selling, general and administrative expenses (including depreciation and amortization) increased to $457.6 million in the twenty-six weeks ended AugustÂ 3, 2024 from $398.4 million in the twenty-six weeks ended JulyÂ 29, 2023, an increase of $59.2 million, or 14.9%. As a percentage of net sales, selling, general and administrative expenses (including depreciation and amortization) increased approximately 110 basis points to 27.9% in the twenty-six weeks ended AugustÂ 3, 2024 from 26.8% in the twenty-six weeks ended JulyÂ 29, 2023. The increase in selling, general and administrative expenses (including depreciation and amortization) was the result of increases of $58.3 million in store-related expenses primarily to support new store growth and $0.9 million in corporate-related expenses, which includes a non-recurring expense related to a settlement of employment-related litigation and the impact of new retention awards. The increase in corporate-related expenses was partially offset by lower incentive compensation expenses and a non-recurring stock compensation benefit Income Tax Expense Income tax expense decreased to $21.2 million in the twenty-six weeks ended AugustÂ 3, 2024 from $24.7 million in the twenty-six weeks ended JulyÂ 29, 2023, a decrease of $3.5 million or 14.0%. The decrease in income tax expense was primarily due to the $23.3 million decrease in pre-tax income and non-deductible expenses, partially offset by discrete items, which includes the impact of share-based accounting.Our effective tax rate for the twenty-six weeks ended AugustÂ 3, 2024 was 24.8% compared to 22.6% in the twenty-six weeks ended JulyÂ 29, 2023. Our effective tax rate for the twenty-six weeks ended AugustÂ 3, 2024 was higher than the comparable prior year period primarily due to discrete items, which includes the impact of share-based accounting, partially offset by non-deductible expenses. Net IncomeAs a result of the foregoing, net income decreased to $64.5 million in the twenty-six weeks ended AugustÂ 3, 2024 from $84.3 million in the twenty-six weeks ended JulyÂ 29, 2023, a decrease of $19.8 million or 23.5%.Liquidity and Capital ResourcesOverviewCash capital expenditures typically vary depending on the timing of new store openings and infrastructure-related investments. We plan to make cash capital expenditures of approximately $335 million to $345 million in fiscal 2024, which exclude the impact of tenant allowances, and which we expect to fund from cash generated from operations, cash on hand, investments and, as needed, borrowings under our Revolving Credit Facility. We expect to incur approximately $170 million of our cash capital expenditure budget in fiscal 2024 to construct and open approximately 230 new stores, with the remainder projected to be spent on our store relocations and remodels, our shipcenters, which includes the expansion of two shipcenters, and our corporate infrastructure.Our primary working capital requirements are for the purchase of store inventory and payment of payroll, rent, other store operating costs and distribution costs. Our working capital requirements fluctuate during the year, rising in the third and fourth fiscal quarters as we take title to increasing quantities of inventory in anticipation of our peak, year-end holiday shopping season in the fourth fiscal quarter. Fluctuations in working capital are also driven by the timing of new store openings. Historically, we have funded our capital expenditures and working capital requirements during the fiscal year with cash on-hand, net cash provided by operating activities and borrowings under our Revolving Credit Facility, which expires in September 2027, as needed, and we expect that funding to continue. When we have used our Revolving Credit Facility, the amount of indebtedness outstanding under it has tended to be the highest in the beginning of the fourth quarter of each fiscal year. To the extent that we have drawn on the facility, we have paid down the borrowings before the end of the fiscal year with cash generated during our peak selling season in the fourth quarter. As of AugustÂ 3, 2024, we did not have any direct borrowings under our Revolving Credit Facility and had approximately $225 million available on the line of credit.25On June 14, 2022, our Board of Directors approved a new share repurchase program for up to $100Â million of our common stock through June 30, 2025. In fiscal 2023, we repurchased 504,369 shares at an aggregate cost of approximately $80.0Â million, or average price of $158.63 per share. This program was retired on November 27, 2023.On November 27, 2023, our Board of Directors approved a new share repurchase program for up to $100Â million of our common stock through November 27, 2026. During the twenty-six weeks ended AugustÂ 3, 2024, we repurchased 266,997 shares at an aggregate cost of approximately $40.0Â million, or average price of $149.79 per share. Since approval of the share repurchase program in March 2018, we have purchased approximately 1.9 million shares for an aggregate cost of approximately $270 million. There can be no assurances that any additional repurchases will be completed, or as to the timing or amount of any repurchases. The share repurchase program may be modified or discontinued at any time.Based on our growth plans, we believe that our cash position, which includes our cash equivalents and short-term investments, net cash provided by operating activities and availability under our Revolving Credit Facility, which expires in September 2027, will be adequate to finance our planned capital expenditures, authorized share repurchases and working capital requirements over the next 12 months and for the foreseeable future thereafter. If cash flows from operations and borrowings under our Revolving Credit Facility are not sufficient or available to meet our requirements, then we will be required to obtain additional equity or debt financing in the future. There can be no assurance that equity or debt financing will be available to us when we need it or, if available, that the terms will be satisfactory to us and not dilutive to our then-current shareholders. Cash FlowsA summary of our cash flows from operating, investing and financing activities is presented in the following table (in millions):Â Twenty-Six Weeks EndedAugust 3, 2024July 29, 2023Net cash provided by operating activities$97.7Â $169.3Â Net cash used in investing activities(22.0)(151.4)Net cash used in financing activities(46.4)(15.7)Net increase during period in cash and cash equivalents (1)$29.3Â $2.2Â (1) Components may not add to total due to rounding.Cash Provided by Operating ActivitiesNet cash provided by operating activities for the twenty-six weeks ended AugustÂ 3, 2024 was $97.7 million, a decrease of $71.6 million compared to the twenty-six weeks ended JulyÂ 29, 2023. The decrease was primarily due to changes in working capital, increases in income taxes paid and a decrease in operating cash flows from store performance. Cash Used in Investing ActivitiesNet cash used in investing activities for the twenty-six weeks ended AugustÂ 3, 2024 was $22.0 million, a decrease of $129.4 million compared to the twenty-six weeks ended JulyÂ 29, 2023. The decrease was primarily due to an increase in net sales, maturities, and redemptions of investment securities, partially offset by an increase in capital expenditures. Cash Used in Financing ActivitiesNet cash used in financing activities for the twenty-six weeks ended AugustÂ 3, 2024 was $46.4 million, an increase of $30.7 million compared to the twenty-six weeks ended JulyÂ 29, 2023. The increase was primarily due to an increase in the repurchase and retirement of common stock, partially offset by a decrease in common shares withheld for taxes.Line of CreditSee "Note 5 - Line of Creditâ€ to the unaudited consolidated financial statements included in "Part I. Financial Information, Item 1. Consolidated Financial Statements" of this Form 10-Q, for a detailed description of the Company's line of credit. 26Critical Accounting Policies and EstimatesThe preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. Our critical accounting policies and estimates are discussed in the Annual Report. Contractual ObligationsExcept as set forth below, there have been no material changes to our contractual obligations as disclosed in the Annual Report, other than those which occur in the ordinary course of business.From February 4, 2024 to AugustÂ 3, 2024, we have entered into 114 new fully executed retail leases with average terms of approximately 10 years and other lease modifications that have future minimum lease payments of approximately $224.3 million. Off-Balance Sheet ArrangementsFor the thirteen weeks ended AugustÂ 3, 2024, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, net sales, expenses, results of operations, liquidity, capital expenditures or capital resources. Recently Issued Accounting Pronouncements See "Note 1 - Summary of Significant Accounting Policies" to the unaudited consolidated financial statements included in "Part I. Financial Information, Item 1. Consolidated Financial Statements" of this Form 10-Q, for a detailed description of recently issued accounting pronouncements. ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKInterest Rate RiskOur principal market risk relates to interest rate sensitivity, which is the risk that future changes in interest rates will reduce our net income or net assets. We have investment securities that are interest-bearing securities and if there are changes in interest rates, those changes would affect the interest income we earn on these investments and, therefore, impact our cash flows and results of operations. However, due to the short term nature of our investment portfolio, we do not believe an immediate 100 basis point increase or decrease in interest rates would have a material effect on the fair market value of our portfolio, and accordingly we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.We also have a Revolving Credit Facility which includes a revolving line of credit, which bears interest at a variable rate. Because our Revolving Credit Facility bears interest at a variable rate, we will be exposed to market risks relating to changes in interest rates, which could materially impact our consolidated statements of operations should we have any material borrowings under our Revolving Credit Facility.As of AugustÂ 3, 2024, we had approximately $225 million available on the line of credit.Â The Credit Agreement provides that the interest rate payable on borrowings shall be, at the Companyâ€™s option, a per annum rate equal to (a) a base rate plus an applicable margin ranging from 0.125% to 0.50% or (b) SOFR plus a margin ranging from 1.12% to 1.50%. Letter of credit fees range from 1.125% to 1.50%. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future. Impact of InflationOur results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. We seek to minimize the impact of increasing prices and general inflation in a variety of ways, including, with respect to our merchandise, by sourcing from different vendors and changing our product mix. However, we cannot assure that our results of operations and financial condition will not be materially impacted by inflation in the future.27ITEM 4. CONTROLS AND PROCEDURESEvaluation of Disclosure Controls and ProceduresOur management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective at a reasonable assurance level in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.Changes in Internal Control Over Financial ReportingThere were no changes to our internal control over financial reporting during the thirteen weeks ended AugustÂ 3, 2024, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.28PART II - OTHER INFORMATIONITEM 1. LEGAL PROCEEDINGSWe are subject to various proceedings, lawsuits, disputes, and claims arising in the ordinary course of our business. Many of these actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against us from time to time include commercial, intellectual property, customer, and employment actions, including class action lawsuits. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. Actions are in various procedural stages, and some are covered in part by insurance. We cannot predict with assurance the outcome of actions brought against us. Accordingly, adverse developments, settlements, or resolutions may occur and negatively impact income in the quarter of such development, settlement or resolution. If a potential loss arising from these lawsuits, claims and pending actions is probable and reasonably estimable, we record the estimated liability based on circumstances and assumptions existing at the time. Although the outcome of these and other claims cannot be predicted with certainty, management does not believe that the ultimate resolution of these matters will have a material adverse effect on our financial condition or results of operations. On August 1, 2024, a putative class action was filed against Five Below, Inc. and a certain former senior officer in the United States District Court for the Eastern District of Pennsylvania, purportedly on behalf of a class of our investors who purchased or otherwise acquired our publicly traded securities between March 20, 2024 and July 16, 2024. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder in connection with various public statements made by us. We intend to vigorously defend against these actions, which we believe to be without merit. The potential impact of these actions, which seek unspecified damages, attorneysâ€™ fees and expenses, is uncertain.29ITEM 1A. RISK FACTORSRisk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors" in our Annual Report. There have been no material changes in our risk factors from those previously disclosed in our Annual Report. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected. ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDSThe following table below sets forth the information with respect to repurchases of our common stock for the thirteen weeks ended August 3, 2024:PeriodTotal Number of Shares PurchasedAverage Price Paid Per ShareTotal Number of Shares Purchased As Part of a Publicly Announced Program(1)Maximum Dollar Value of Shares that May Yet be Purchased Under the ProgramFirst Quarter 2024182,327Â $164.56Â 182,327Â $69,996,967Â May 5, 2024 - June 1, 2024â€”Â $â€”Â â€”Â $69,996,967Â June 2, 2024 - July 6, 202484,670Â $117.99Â 84,670Â $60,006,492Â July 7, 2024 - August 3, 2024â€”Â $â€”Â â€”Â $60,006,492Â Second Quarter 2024266,997Â $147.79Â 266,997Â $60,006,492Â (1) On November 27, 2023, our Board of Directors approved a new share repurchase program for up to $100Â million of our common stock through November 27, 2026. During the twenty-six weeks ended AugustÂ 3, 2024, we repurchased 266,997 shares at an aggregate cost of approximately $40.0Â million, or average price of $149.79 per share. This repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be repurchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market conditions and other factors.ITEM 3. DEFAULTS UPON SENIOR SECURITIESNot applicable.ITEM 4. MINE SAFETY DISCLOSURESNot applicable.ITEM 5. OTHER INFORMATIONRule 10b5-1 Trading Plans - Directors and Section 16 OfficersDuring the thirteen weeks ended August 3, 2024, none of the Company's directors or Section 16 officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement."30ITEM 6. EXHIBITS(a) ExhibitsÂ No.Description31.1Certification of Chief Executive Officer required by Rule 13a-14(a) or RuleÂ 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 200231.2Certification of Chief Financial Officer required by Rule 13a-14(a) or RuleÂ 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 200232.1Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 200232.2Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002101*The following financial information from this Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 2024, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Unaudited Consolidated Balance Sheets as of August 3, 2024, February 3, 2024 and July 29, 2023; (ii) the Unaudited Consolidated Statements of Operations for the Thirteen and Twenty-Six Weeks Ended August 3, 2024 and July 29, 2023; (iii) the Unaudited Consolidated Statements of Shareholdersâ€™ Equity for the Thirteen and Twenty-Six Weeks Ended August 3, 2024 and July 29, 2023; (iv) the Unaudited Consolidated Statements of Cash Flows for the Twenty-Six Weeks Ended August 3, 2024 and July 29, 2023 and (v) the Notes to Unaudited Consolidated Financial Statements, tagged in detail.104*Coverage Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*Pursuant to applicable securities laws and regulations, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Exchange Act of 1934, as amended, and otherwise is not subject to liability under those sections.31SIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.Â Â FIVE BELOW, INC.Date: August 29, 2024Â /s/ Kenneth R. BullÂ Kenneth R. BullÂ Interim President and Chief Executive Officer; Chief Operating OfficerDate: August 29, 2024Â /s/ Kristy ChipmanÂ Kristy ChipmanÂ Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)32DocumentCERTIFICATIONExhibit 31.1I, Kenneth R. Bull, certify that:1.I have reviewed this quarterly report on Form 10-Q of Five Below, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.By:Â /s/ Kenneth R. BullÂ Name:Kenneth R. BullÂ Title:Â Interim President and Chief Executive Officer; Chief Operating OfficerDated: August 29, 2024 DocumentCERTIFICATIONExhibit 31.2I, Kristy Chipman, certify that:1.I have reviewed this quarterly report on Form 10-Q of Five Below, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.By:Â /s/ Kristy ChipmanÂ Name:Kristy ChipmanÂ Title:Â Chief Financial Officer and TreasurerDated: August 29, 2024 DocumentExhibitÂ 32.1CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of Five Below, Inc. (the â€œCompanyâ€) on Form 10-Q for the fiscal quarter ended AugustÂ 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Kenneth R. Bull, Interim President and Chief Executive Officer and Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that:(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ Kenneth R. BullKenneth R. Bull Interim President and Chief Executive Officer; Chief Operating OfficerDate: August 29, 2024 DocumentExhibitÂ 32.2CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of Five Below, Inc. (the â€œCompanyâ€) on Form 10-Q for the fiscal quarter ended AugustÂ 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Kristy Chipman, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that:(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ Kristy ChipmanKristy ChipmanChief Financial Officer and TreasurerDate: August 29, 2024