REFINITIV

DELTA REPORT

10-Q

SAVERS VALUE VILLAGE, INC

10-Q - MARCH 30, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2874
CHANGES	233
DELETIONS	1343
ADDITIONS	1298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 30, 2024

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-41733

Savers Value Village, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-4165683**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11400 S.E. 6th Street Suite 125, Bellevue, WA	**98004**
(Address of Principal Executive Offices)	(Zip Code)

425-462-1515
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.000001 per share	**SVV**	**The New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	o
		Emerging growth company	o

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

The registrant had outstanding 160,452,633 161,794,013 shares of common stock as of November 6, 2023 May 8, 2024.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. Forward looking statements can be identified by words such as “could,” “may,” “might,” “will,” “likely,” “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “continues,” “projects” or the negative of these terms or other comparable terminology. In particular, statements about the markets in which we operate, including competition, growth and trends in our markets and industry; our strategies, outcomes and prospects; our expectations, beliefs, plans, objectives, assumptions; and future events or performance made in the sections titled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Notes to Interim Condensed Consolidated Financial Statements (unaudited)” are forward-looking statements.

Forward-looking statements are based on our current expectations and assumptions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, the Company’s actual results may differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:

- the impact on both the supply and demand for our products caused by general economic conditions and changes in consumer confidence and spending;
- our ability to anticipate consumer demand and to source and process a sufficient quantity of quality secondhand items at attractive prices on a recurring basis;
- risks related to attracting new, and retaining existing customers, including by increasing acceptance of secondhand items among new and growing customer demographics;
- risks associated with our status as a “brick and mortar” only retailer and our lack of operations in the growing online retail marketplace;
- our failure to open new profitable stores or successfully enter new markets on a timely basis or at all;
- risks associated with doing business with international manufacturers and suppliers including, but not limited to, transportation and shipping challenges, regulatory risks in foreign jurisdictions (particularly in Canada, where we maintain extensive operations) and exchange rate risks, which we may not be able to fully hedge;
- the loss of, or disruption or interruption in the operations of, our centralized distribution centers;
- risks associated with litigation, the expense of defense, and the potential for adverse outcomes;
- our failure to properly hire and to retain key personnel and other qualified personnel or to manage labor costs;
- risks associated with the timely and effective deployment, protection, and defense of our computer networks and other electronic systems, including e-mail;
- changes in government regulations, procedures and requirements;
- our ability to maintain an effective system of internal controls and produce timely and accurate financial statements or comply with applicable regulations;
- risks associated with heightened geopolitical instability due to the conflicts in the Middle East and Eastern Europe;
- the outbreak of viruses or widespread illness, such as the recent COVID-19 pandemic, natural disasters or other highly disruptive events and regulatory responses thereto; and
- other factors set forth under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2024.

These risks are not exhaustive. Other sections of this Quarterly Report include additional factors that could adversely affect our business and financial performance.

Any forward-looking statement made by us in this Quarterly Report speaks only as of the date on which it is made, and while we believe that information forms a reasonable basis for such statements, that information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Moreover, factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We are not under any obligation (and we specifically disclaim any such obligation) to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Part I - Financial Information

Item 1. Condensed Consolidated Financial Statements (Unaudited)

SAVERS VALUE VILLAGE, INC.
Condensed Consolidated Balance Sheets
(All amounts in thousands, except per share amounts, unaudited)

		September 30, 2023	December 31, 2022		
	March 30, 2024			March 30, 2024	December 30, 2023
Current assets:	**Current assets:**				
Cash and cash equivalents	Cash and cash equivalents	$ 125,307	$ 112,132		
Trade receivables, net of allowance for doubtful accounts of $319 and $316		11,955	14,092		
Cash and cash equivalents					
Cash and cash equivalents					
Trade receivables, net					
Inventories	Inventories	36,007	21,822		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	25,021	35,647		
Derivative asset – current		10,006	8,625		
Derivative assets – current					
Total current assets	**Total current assets**	208,296	192,318		
Property and equipment, net	Property and equipment, net	218,150	190,518		
Right-of-use lease assets	Right-of-use lease assets	482,648	437,843		
Goodwill	Goodwill	680,798	681,447		
Intangible assets, net	Intangible assets, net	167,236	170,651		
Derivative asset – non-current		31,216	31,077		
Other assets	Other assets	3,251	3,961		
Derivative assets – non-current					
Total assets	**Total assets**	$1,791,595	$1,707,815		
Current liabilities:	**Current liabilities:**				
Accounts payable and accrued liabilities					
Accounts payable and accrued liabilities					
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	$ 80,650	$ 80,748		
Accrued payroll and related taxes	Accrued payroll and related taxes	56,368	62,046		

Lease liabilities – current	Lease liabilities – current	80,284	79,838	
Current portion of long-term debt and short-term borrowings	Current portion of long-term debt and short-term borrowings	6,000	50,250	
Total current liabilities	**Total current liabilities**	223,302	272,882	
Long-term debt, net	Long-term debt, net	783,295	783,347	
Lease liabilities – non-current	Lease liabilities – non-current	398,231	349,194	
Deferred tax liabilities, net	Deferred tax liabilities, net	59,278	63,141	
Other liabilities	Other liabilities	14,347	11,916	
Total liabilities	**Total liabilities**	1,478,453	1,480,480	
Commitments and contingencies (see Note 11)				
Commitments and contingencies (see Note 10)				Commitments and contingencies (see Note 10)
Stockholders' equity:	**Stockholders' equity:**			
Preferred stock, $0.000001 par value, 100,000 and zero shares authorized; zero shares issued and outstanding		—	—	
Common stock, $0.000001 par value, 800,000 and 1,000,000 shares authorized; 160,453 and 141,590 shares issued and outstanding		—	—	
Preferred stock, $0.000001 par value, 100,000 shares authorized; zero shares issued and outstanding				
Preferred stock, $0.000001 par value, 100,000 shares authorized; zero shares issued and outstanding				
Preferred stock, $0.000001 par value, 100,000 shares authorized; zero shares issued and outstanding				
Common stock, $0.000001 par value, 800,000 shares authorized; 161,728 and 160,453 shares issued and outstanding				
Additional paid-in capital	Additional paid-in capital	571,475	226,327	
Accumulated deficit	Accumulated deficit	(291,413)	(38,443)	

Accumulated other comprehensive income	Accumulated other comprehensive income	33,080	39,451
Total stockholders' equity	**Total stockholders' equity**	313,142	227,335
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$1,791,595	$1,707,815

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

SAVERS VALUE VILLAGE, INC.

Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income Loss

(All amounts in thousands, except per share amounts, unaudited)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net sales	$ 392,698	$ 378,292	$ 1,117,484	$ 1,070,427
Operating expenses:				
Cost of merchandise sold, exclusive of depreciation and amortization	158,252	152,623	458,950	443,372
Salaries, wages and benefits	116,114	68,107	276,088	199,643
Selling, general and administrative	82,076	78,465	232,380	227,236
Depreciation and amortization	15,911	13,418	45,088	40,110
Total operating expenses	372,353	312,613	1,012,506	910,361
Operating income	20,345	65,679	104,978	160,066
Other (expense) income:				
Interest expense, net	(18,708)	(16,454)	(70,912)	(45,855)
(Loss) gain on foreign currency, net	(195)	(18,371)	5,587	(26,639)
Other (expense) income, net	(45)	154	173	209
Loss on extinguishment of debt	(10,615)	—	(16,626)	(1,023)
Other expense, net	(29,563)	(34,671)	(81,778)	(73,308)
(Loss) income before income taxes	(9,218)	31,008	23,200	86,758
Income tax expense	6,394	15,511	13,957	28,472
Net (loss) income	(15,612)	15,497	9,243	58,286
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(1,508)	7,052	(3,456)	9,368
Cash flow hedges	(1,307)	7,620	(2,915)	19,453
Other comprehensive (loss) income	(2,815)	14,672	(6,371)	28,821
Comprehensive (loss) income	$ (18,427)	$ 30,169	$ 2,872	$ 87,107
Net (loss) income per share, basic	$ (0.10)	$ 0.11	$ 0.06	$ 0.41
Net (loss) income per share, diluted	$ (0.10)	$ 0.11	$ 0.06	$ 0.40
Basic weighted average shares outstanding	160,247	141,551	147,885	141,551

Diluted weighted average shares outstanding	160,247	146,124	153,134	146,124

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

SAVERS VALUE VILLAGE, INC.
Condensed Consolidated Statements of Stockholders' (Deficit) Equity
(All amounts in thousands, except per share amounts, unaudited)

	Thirteen Weeks Ended									
	Common stock									
	Shares		Amount		Additional paid in capital		Accumulated deficit		Accumulated other comprehensive income (loss)	Total
Balance at July 1, 2023	141,703	$	—	$	227,335	$	(275,801)	$	35,895	$ (12,571)
Stock-based compensation expense	—		—		49,113					49,113
Proceeds from initial public offering, net of underwriting fees and offering costs of $42,473	18,750		—		295,027		—		—	295,027
Comprehensive loss	—		—		—		(15,612)		(2,815)	(18,427)
Balance at September 30, 2023	160,453	$	—	$	571,475	$	(291,413)	$	33,080	$ 313,142
Balance at July 2, 2022	141,545	$	—	$	224,666	$	(10,919)	$	28,613	$ 242,360
Stock-based compensation expense	—		—		799		—		—	799
Stock issued under stock incentive plan, net	45		—		—		—		—	—
Comprehensive income	—		—		—		15,497		14,672	30,169
Balance at October 1, 2022	141,590	$	—	$	225,465	$	4,578	$	43,285	$ 273,328

	Thirteen Weeks Ended	
	March 30, 2024	April 1, 2023
Net sales	$ 354,172	$ 345,684
Operating expenses:		
Cost of merchandise sold, exclusive of depreciation and amortization	158,164	145,753
Salaries, wages and benefits	83,697	92,632
Selling, general and administrative	77,743	77,045
Depreciation and amortization	18,301	14,484
Total operating expenses	337,905	329,914
Operating income	16,267	15,770
Other (expense) income		
Interest expense, net	(16,076)	(24,470)
(Loss) gain on foreign currency, net	(956)	1,295
Other expense, net	(106)	(216)
Loss on extinguishment of debt	(4,088)	(6,011)
Other expense, net	(21,226)	(29,402)

Loss before income taxes	(4,959)	(13,632)
Income tax benefit	(4,492)	(3,437)
Net loss	(467)	(10,195)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(1,893)	(266)
Cash flow hedges	(825)	(3,647)
Other comprehensive loss	(2,718)	(3,913)
Comprehensive loss	$ (3,185)	$ (14,108)
Net loss per share, basic	$ (0.00)	$ (0.07)
Net loss per share, diluted	$ (0.00)	$ (0.07)
Basic weighted average shares outstanding	161,247	141,695
Diluted weighted average shares outstanding	161,247	141,695

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

SAVERS VALUE VILLAGE, INC.

Condensed Consolidated Statements of Stockholders' Equity (Deficit)

(All amounts in thousands, except per share amounts, unaudited)

	Thirty-Nine Weeks Ended									
	Common A units		Common B units		Common stock		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
	Units	Amount	Units	Amount	Shares	Amount				
Balance at December 31, 2022	—	$ —	—	$ —	141,590	$ —	$ 226,327	$ (38,443)	$ 39,451	$ 227,335
Stock-based compensation expense	—	—	—	—	—	—	50,970	—	—	50,970
Stock issued under stock compensation incentive plans, net	—	—	—	—	158	—	(150)	—	—	(150)
Repurchase of common stock	—	—	—	—	(45)	—	(699)	—	—	(699)
Dividends declared, $1.32 per share	—	—	—	—	—	—	—	(262,213)	—	(262,213)
Proceeds from initial public offering, net of underwriting fees and offering costs of $42,473	—	—	—	—	18,750	—	295,027	—	—	295,027
Comprehensive income (loss)	—	—	—	—	—	—	—	9,243	(6,371)	2,872
Balance at September 30, 2023	—	$ —	—	$ —	160,453	$ —	$ 571,475	$ (291,413)	$ 33,080	$ 313,142

Balance at January 1, 2022	141,545	$223,379	—	$ 1,297	—	$ —	$ —	$ (53,708)	$ 14,464	$ 185,432
Corporate conversion of common units to common stock	(141,545)	(223,379)	—	(1,297)	141,545	—	224,676	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	1,081	—	—	1,081
Stock issued under stock incentive plan, net	—	—	—	—	45	—	(292)	—	—	(292)
Comprehensive income	—	—	—	—	—	—	—	58,286	28,821	87,107
Balance at October 1, 2022	—	$ —	—	$ —	141,590	$ —	$ 225,465	$ 4,578	$ 43,285	$ 273,328

	Common stock		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total
	Shares	Amount				
Balance at December 30, 2023	160,453	$ —	$ 593,109	$ (247,541)	$ 30,487	$ 376,055
Stock-based compensation expense	—	—	19,129	—	—	19,129
Stock issued under stock incentive plans, net	1,275	—	2,958	—	—	2,958
Comprehensive loss	—	—	—	(467)	(2,718)	(3,185)
Balance at March 30, 2024	161,728	$ —	$ 615,196	$ (248,008)	$ 27,769	$ 394,957
Balance at December 31, 2022	141,590	$ —	$ 226,327	$ (38,443)	$ 39,451	$ 227,335
Stock-based compensation expense	—	—	917	—	—	917
Stock issued under stock incentive plans, net	158	—	(150)	—	—	(150)
Repurchase of common stock prior to IPO	(13)	—	(195)	—	—	(195)
Dividends declared, $1.32 per share	—	—	—	(262,213)	—	(262,213)
Comprehensive loss	—	—	—	(10,195)	(3,913)	(14,108)
Balance at April 1, 2023	141,735	$ —	$ 226,899	$ (310,851)	$ 35,538	$ (48,414)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

SAVERS VALUE VILLAGE, INC.
Condensed Consolidated Statements of Cash Flows

(All amounts in thousands, unaudited)

		Thirty-Nine Weeks Ended			
		September 30, 2023	October 1, 2022		
	Thirteen Weeks Ended				Thirteen Weeks Ended
	March 30, 2024			March 30, 2024	April 1, 2023
Cash flows from operating activities:	**Cash flows from operating activities:**				
Net income		$ 9,243	$ 58,286		
Adjustments to reconcile net income to net cash provided by operating activities:					
Net loss					
Net loss					
Net loss					
Adjustments to reconcile net loss to net cash used in operating activities:					
Stock-based compensation expense					
Stock-based compensation expense					
Stock-based compensation expense	Stock-based compensation expense	50,970	1,081		
Amortization of debt issuance costs and debt discount	Amortization of debt issuance costs and debt discount	4,631	2,974		
Depreciation and amortization	Depreciation and amortization	45,088	40,110		
Operating lease expense	Operating lease expense	89,204	86,109		
Deferred income taxes, net	Deferred income taxes, net	(3,725)	14,001		
Loss on extinguishment of debt	Loss on extinguishment of debt	16,626	1,023		
Other items	Other items	(12,714)	34,890		
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:				
Trade receivables	Trade receivables	341	(9,222)		
Trade receivables					
Trade receivables					
Inventories	Inventories	(14,227)	(6,002)		

Prepaid expenses and other current assets	Prepaid expenses and other current assets	3,675	(10,020)
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	2,456	4,780
Accrued payroll and related taxes	Accrued payroll and related taxes	(5,519)	(17,026)
Operating lease liabilities	Operating lease liabilities	(84,081)	(82,876)
Other liabilities	Other liabilities	2,434	(475)
Net cash provided by operating activities		104,402	117,633
Net cash used in operating activities			
Cash flows from investing activities:	**Cash flows from investing activities:**		
Purchases of property and equipment	Purchases of property and equipment	(74,579)	(80,624)
Purchase of trade name		(650)	—
Purchases of property and equipment			
Purchases of property and equipment			
Settlement of derivative instruments, net			
Settlement of derivative instruments, net			
Settlement of derivative instruments, net	Settlement of derivative instruments, net	(199)	(774)
Net cash used in investing activities	Net cash used in investing activities	(75,428)	(81,398)
Cash flows from financing activities:	**Cash flows from financing activities:**		
Proceeds from issuance of long-term debt, net			
Proceeds from issuance of long-term debt, net			
Proceeds from issuance of long-term debt, net	Proceeds from issuance of long-term debt, net	529,247	—

Principal payments on long-term debt	Principal payments on long-term debt	(546,431)	(8,929)
Payment of debt issuance costs	Payment of debt issuance costs	(4,359)	(161)
Prepayment premium on extinguishment of debt	Prepayment premium on extinguishment of debt	(1,650)	(1,023)
Advances on revolving line of credit	Advances on revolving line of credit	42,000	53,000
Repayments of revolving line of credit	Repayments of revolving line of credit	(84,000)	(53,000)
Proceeds from stock option exercises			
Dividends paid	Dividends paid	(262,235)	—
Proceeds from initial public offering, net of underwriting fees		314,719	—
Payment of offering costs		(8,766)	—
Repurchase of shares and shares withheld to cover taxes			
Repurchase of shares and shares withheld to cover taxes			
Repurchase of shares and shares withheld to cover taxes	Repurchase of shares and shares withheld to cover taxes	(849)	(292)
Settlement of derivative instrument, net	Settlement of derivative instrument, net	6,213	(1,057)
Net cash used in financing activities		(16,111)	(11,462)
Principal payments on finance lease liabilities			
Net cash (used in) provided by financing activities			
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	312	(6,774)

Net change in cash and cash equivalents	Net change in cash and cash equivalents	13,175	17,999
Cash and cash equivalents at beginning of period	**Cash and cash equivalents at beginning of period**	112,132	97,915
Cash and cash equivalents at end of period	**Cash and cash equivalents at end of period**	$ 125,307	$ 115,914
Supplemental disclosures of cash flow information:	**Supplemental disclosures of cash flow information:**		
Interest paid on debt	Interest paid on debt	$ 70,225	$ 42,715
Interest paid on debt			
Interest paid on debt			
Income taxes paid, net	Income taxes paid, net	$ 10,032	$ 24,839
Supplemental disclosure of noncash investing activities:	**Supplemental disclosure of noncash investing activities:**		
Noncash capital expenditures	Noncash capital expenditures	$ 1,810	$ 4,722
Noncash capital expenditures			
Noncash capital expenditures			

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

SAVERS VALUE VILLAGE, INC.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Note 1. Description of Business and Basis of Presentation

Description of business

Savers Value Village, Inc., a Washington State based company, together with its wholly owned subsidiaries (the “Company”, “we”, “us” or “our”), sells second-hand merchandise primarily in retail stores located in the United States (“U.S.”), Canada and Australia.

Basis of presentation

The accompanying interim condensed consolidated financial statements as of September 30, 2023 March 30, 2024 and for the thirteen and thirty-nine weeks ended September 30, 2023 March 30, 2024 and October 1, 2022 April 1, 2023, have not been audited but, in the opinion of management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial statements. The condensed consolidated balance sheet at December 31, 2022 December 30, 2023, has been derived from the audited financial statements at that date but does not include all of the disclosures required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the fiscal year ended December 31, 2022 December 30, 2023, and related notes as disclosed included in our prospectus the most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission in accordance with Rule 424(b) under the Securities Act on June 30, 2023 in connection with our initial public offering ("IPO") March 8, 2024. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year, which ends on the Saturday nearest to December 31.

All dollar and share amounts in the notes to these unaudited interim condensed consolidated financial statements, with the exception of per share amounts, are rounded to the nearest thousand unless otherwise indicated.

Corporate Conversion

On January 7, 2022, S-Evergreen Holding LLC converted into a Delaware corporation and the name of the Company was changed to Savers Value Village, Inc. (the "Corporate Conversion"). In the Corporate Conversion, equityholders of S-Evergreen Holding LLC received one share of common stock of Savers Value Village, Inc. for each Class A Unit of S-Evergreen Holding, LLC and corresponding adjustments were made to the Company's outstanding equity awards.

Reverse stock split

On May 26, 2023, in anticipation of the IPO, the Company effectuated a reverse stock split of its then-outstanding common stock, in which each share of pre-split common stock became 0.713506461319705 of a share of post-reverse split common stock (the "Reverse Stock Split") and corresponding adjustments were made to the Company's outstanding equity awards. All references to units, per unit, shares and per share amounts for all periods presented in these unaudited interim condensed consolidated financial statements have been retrospectively restated to give effect to the Reverse Stock Split.

Authorized shares

In connection with the Company's IPO, the Company filed an amended and restated certificate of incorporation (the "A&R Charter") on June 29, 2023, authorizing 800.0 million shares of common stock, par value $0.000001 per share, and 100.0 million shares of preferred stock, par value $0.000001 per share. The Company also amended and restated its bylaws, effective as of June 28, 2023.

Each share of common stock entitles its holder to one vote per share on all matters to be voted on by stockholders and to receive dividends when and as declared by the board of directors from legally available sources, subject to the prior rights of the holders of our preferred stock. Common stockholders are not entitled to preemptive rights and are therefore subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the board of directors may designate and issue in the future. In the event of a liquidation, dissolution or winding-up, the assets legally available for distribution to the Company's stockholders would be distributable ratably among the holders of common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding shares of preferred stock and payment of claims of creditors.

Initial Public Offering

The registration statement related to our IPO was declared effective on June 28, 2023, and our common stock began trading on the New York Stock Exchange on June 29, 2023. On July 3, 2023, we completed our IPO for the sale of 18.8 million shares of our common stock, $0.000001 par value per share, at a public offering price of $18.00 per share. Net proceeds to the Company from the IPO were $295.0 million after deducting underwriting discounts and commissions of $22.8 million and offering expenses of $19.7 million, of which $1.1 million had not been paid as of September 30, 2023.

Certain funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares Management Corporation (the "selling stockholders") sold 6.9 million shares, including 3.3 million shares pursuant to the exercise of the underwriters' over-allotment option. The Company did not receive any proceeds from sales made by the selling stockholders.

Emerging growth company status

Upon completion of our IPO on July 3, 2023, the Company ceased to be an emerging growth company ("EGC") under the Jumpstart Our Business Startups ("JOBS") Act. The previous EGC status allowed the Company to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and compliance exemptions from new or revised financial accounting standards until those standards would otherwise apply to private companies.

In anticipation of losing EGC status, the Company has prepared for the auditor attestation requirements pursuant to Section 404 of the Sarbanes-Oxley Act and the Company is currently in compliance with new or revised standards required for non-emerging growth companies. Accordingly, the loss of EGC status will not have a significant impact on the Company.

Note 2. Summary of Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies as described in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2022 December 30, 2023.

Use of estimates

The preparation of these unaudited interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. These estimates are based on available information and on various other assumptions that are believed to be reasonable under the circumstances. Certain items subject to such estimates and assumptions include, but are not limited to, the valuation of insurance reserves, the valuation of intangibles, the valuation of goodwill, income taxes and income taxes. stock-based compensation. Actual results could vary from those estimates under different assumptions or conditions.

Revenue recognition

The following table disaggregates our revenue by retail and wholesale during each of the periods presented:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
(in thousands)					
(in thousands)					
(in thousands)	*(in thousands)*	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Retail sales	Retail sales	$ 373,982	$ 358,535	$ 1,061,831	$ 1,015,682
Retail sales					
Retail sales					
Wholesale sales					
Wholesale sales					
Wholesale sales	Wholesale sales	18,716	19,757	55,653	54,745
Total net sales	Total net sales	$ 392,698	$ 378,292	$ 1,117,484	$ 1,070,427
Total net sales					
Total net sales					

Recently adopted issued accounting pronouncements not yet adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* that replaces the incurred loss model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The Company adopted this guidance, and subsequent amendments to this guidance, as of January 1, 2023. The change to an expected credit loss model did not have a material effect on the Company's unaudited interim condensed consolidated financial statements.

In March 2020, November 2023, the FASB issued ASU 2020-04, *Reference Rate Reform 2023-07, Segment Reporting (Topic 848) 280): Facilitation Improvements to Reportable Segment Disclosures. The amendments in this update require enhanced disclosures about significant expenses on an annual and interim basis for all public entities. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently in the process of evaluating the Effects effects of Reference Rate Reform this pronouncement on Financial Reporting*. Topic 848 provides relief that, if elected, will ease the potential accounting burden when modifying contracts and hedging relationships that use the London Inter-Bank Offered Rate ("LIBOR") as a reference rate. its related disclosures.

In January 2021, December 2023, the FASB issued ASU 2021-01, Reference Rate Reform 2023-09, Income Taxes (Topic 848) 740): Scope. This ASU clarifies Improvements to Income Tax Disclosures. The amendments in this update require that derivatives affected by public business entities on an annual basis disclose specific categories in the discounting transition rate reconciliation table, provide additional information for reconciling items that meet a quantitative threshold and provide additional information about income taxes paid. The amendments in this update are explicitly eligible effective for certain optional expedients and exceptions under Topic 848. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848):*

Deferral of the Sunset Date of Topic 848, which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, annual periods beginning after which entities will no longer be December 15, 2024. Early adoption is permitted to apply the relief in Topic 848. An entity may elect to apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the annual financial statements are that have not yet been issued or made available to be issued. Topic 848 allows for different elections to be made at different points in time.

In accordance with the fallback provisions of our interest rate swap contracts and the discontinuation of LIBOR after June 30, 2023, the reference rate for our interest rate swaps transitioned from LIBOR to Fallback Rate (SOFR) with effect from July 1, 2023. issuance. The Company elected to apply the optional expedients under Topic 848 to this change in reference rate and therefore the modified instruments will be accounted for and presented is currently in the same manner as process of evaluating the instruments existing before the modification. This change from LIBOR to Fallback Rate (SOFR) for our interest rate swaps did not have a material impact effects of this pronouncement on the Company's consolidated financial statements. its related disclosures.

Note 3. Property and Equipment

Property and equipment, net, consisted of the following:

(in thousands)	September 30, 2023	December 31, 2022
Furniture, fixtures and equipment	$ 281,699	$ 230,694
Leasehold improvements	106,153	88,739
Total property and equipment	387,852	319,433
Less: accumulated depreciation	169,702	128,915
Total property and equipment, net	$ 218,150	$ 190,518

Depreciation expense for the thirteen weeks ended September 30, 2023 and October 1, 2022, was $14.6 million and $12.2 million, respectively; and $41.2 million and $36.1 million for the thirty-nine weeks ended September 30, 2023 and October 1, 2022, respectively.

Note 4. Indebtedness

Debt consisted of the following:

(in thousands)	*(in thousands)*	September 30, 2023	December 31, 2022	*(in thousands)*	March 30, 2024	December 30, 2023
Senior Secured Notes	Senior Secured Notes	$495,000	$ —			
Term Loan Facility	Term Loan Facility	323,256	814,687			
Advances on Revolving Credit Facility		—	42,000			
Total face value of debt						
Total face value of debt						
Total face value of debt	Total face value of debt	818,256	856,687			

Less: current portion of long-term debt and short-term borrowings	Less: current portion of long-term debt and short-term borrowings	6,000	50,250
Less: unamortized debt issuance costs and debt discount	Less: unamortized debt issuance costs and debt discount	28,961	23,090
Long-term debt, net	Long-term debt, net	$783,295	$783,347

On February 6, 2023 January 30, 2024, the Company issued $550.0 million of entered into an amendment (the “Third Amendment”) to its Senior Secured Notes (the “Notes”) at a discount of 2.014%. In connection with Credit Facilities. Among other things, the issuance of Third Amendment (i) removes the Notes, SOFR adjustment margin, (ii) reduces the Company repaid $233.4 million of outstanding margin on existing borrowings under the Term Loan Facility resulting in from a loss on extinguishment range of debt 4.25% to 5.50% to a range of $6.0 million. The Company did not incur a penalty on 2.75% to 4.00%, (iii) revises the repayment. In addition leverage-based pricing grid applicable to repaying $233.4 million of outstanding borrowings with the proceeds of the Notes issuance, the Company also paid a $262.2 million dividend and a $23.6 million one-time bonus to certain employees and directors participating in our management equity incentive plan who were unable to participate in the dividend.

On July 3, 2023 and July 5, 2023, respectively, the Company used the net proceeds from its IPO together with cash on its balance sheet to redeem $55.0 million aggregate principal amount of Notes and to repay $252.4 million aggregate principal amount of outstanding borrowings under the Term Loan Facility. In addition Facility such that, among other things, a lower leverage ratio than was previously required is needed to paying accrued interest on these obtain a 0.25% reduction in margin, (iv) provides for a 0.25% reduction of the margin applicable to term loan borrowings if the Company also paid a premium of 3%, or $1.7 million, achieves certain public corporate family ratings and (v) increases the limit on the partial redemption customary incremental uncommitted revolving credit facility that does not require consent of the Notes. These transactions required lenders to the greater of (a) $102.0 million and (b) 50% of EBITDA for the prior four quarters. The Third Amendment resulted in a loss on extinguishment of debt of $10.6 $0.7 million.

The Notes bear interest at On February 9, 2024, the Company achieved the public corporate family ratings required for a fixed rate of 9.75%. Interest began accruing on the date of issuance and the first scheduled interest payment was made on August 15, 2023, with interest due every February 15 and August 15 thereafter through maturity. The Notes are due in full at maturity in April 2028, coterminous with the Term Loan Facility. The Company’s principal subsidiaries in the U.S. are issuers 0.25% reduction of the Notes. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by most of margin applicable to its term loan borrowings.

On March 4, 2024, the Company’s U.S. and Canadian subsidiaries (other than the issuers). The Notes rank pari passu with the Term Loan Facility in right of payment and are subordinated to our existing super-priority Revolving Credit Facility in right of payment.

Prior to February 15, 2025, we may redeem the Notes at any time, in whole or in part, at a price equal to 100% of the Company redeemed $49.5 million aggregate principal amount of such Senior Secured Notes, plus a make-whole premium, plus accrued and unpaid interest. We may also redeem (a) up to an aggregate of 40% of the principal amount of the Notes with the proceeds of certain equity offerings at a redemption price of 109.750% of the principal amount of Notes redeemed, plus accrued and unpaid interest, and (b) up equal to 10% of the then outstanding aggregate principal amount balance at December 30, 2023. In addition to paying accrued interest, the Company paid a premium of 3%, or $1.5 million, on the Notes during each partial redemption. This transaction resulted in a loss on extinguishment of the twelve-month periods ending after February 6, 2023, at a redemption price equal to 103% debt of the aggregate principal amount thereof, plus accrued and unpaid interest.

On or after February 15, 2025, we may redeem the Notes in whole or in part at the redemption prices set forth below, plus accrued and unpaid interest:

For the period	Redemption Price
February 15, 2025 through February 14, 2026	104.875 %
February 15, 2026 through February 14, 2027	102.438 %
On or after February 15, 2027	100.000 %

If a change in control occurs, we would be required to repurchase the Notes at a purchase price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest.

The indenture, pursuant to which the Notes were issued, contains customary covenants limiting our ability to take certain actions, as well as a number of important exceptions. Certain covenants may be suspended in the event the Notes are assigned an investment grade rating from two of three rating agencies.

On June 28, 2023, concurrent with the registration statement being declared effective for the Company's IPO, applicable interest rates under the Senior Secured Credit Facilities were reduced by 0.25% per annum. The $3.4 millionCompany's Senior Secured Credit Facilities are comprised of the Term Loan Facility and the Revolving Credit Facility. .

As of September 30, 2023March 30, 2024, there were no advances on the Revolving Credit Facility, there were $1.2 million of letters of credit outstanding and $73.8 million was available to borrow.

Note 5. 4. Fair Value Measurements

The Company utilizes fair value measurements for its financial assets and financial liabilities and fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is based upon a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than unadjusted quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

The following table presents financial assets and financial liabilities that are measured at fair value on a recurring basis at September 30, 2023March 30, 2024:

	Fair Value Hierarchy									
	Fair Value Hierarchy									
(in thousands)										
(in thousands)										
(in thousands)	*(in thousands)*	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets:	Assets:									
Money market funds										
Money market funds										
Money market funds										

Interest rate swaps	Interest rate swaps	$—	$14,964	$—	$14,964
Cross currency swaps	Cross currency swaps	—	26,154	—	26,154
Forward contracts	Forward contracts	—	104	—	104
Total	Total	$—	$41,222	$—	$41,222
Liabilities:	Liabilities:				
Cross currency swaps	Cross currency swaps	$—	$ 39	$—	$ 39
Cross currency swaps					
Cross currency swaps					
Forward contracts					
Total	Total	$—	$ 39	$—	$ 39

The following table presents financial assets and financial liabilities that are measured at fair value on a recurring basis at December 31, 2022 December 30, 2023:

	Fair Value Hierarchy								
	Fair Value Hierarchy								
(in thousands)									
(in thousands)									
(in thousands)	*(in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	Assets:								
Money market funds									
Money market funds									
Money market funds									
Interest rate swaps	Interest rate swaps	$—	$16,472	$—	$16,472				
Cross currency swaps									
Total									
Total									
Total									
Liabilities:									
Cross currency swaps									
Cross currency swaps									
Cross currency swaps	Cross currency swaps	—	22,993	—	22,993				

Forward contracts	Forward contracts	—	237	—	237
Total	Total	$—	$39,702	$—	$39,702
Liabilities:					
Cross currency swaps		$—	$ 66	$—	$ 66
Forward contracts		—	14	—	14
Total		$—	$ 80	$—	$ 80

Money market funds consist of short-term deposits with an original maturity of three months or less. Interest rate swaps, cross currency swaps and forward contracts are fair valued using independent pricing services and the Company obtains an understanding of the methods used in pricing. As such, these derivative instruments are classified within Level 2.

As of September 30, 2023, the

The fair value of the Company's Senior Secured Notes, based on Level 1 inputs, was $509.6 million. $480.3 million and $525.5 million at March 30, 2024 and December 30, 2023, respectively. The fair value of borrowings under the Company's Senior Secured Credit Facilities approximate their carrying value as the current rates approximate rates on similar debt and were based on rate notices provided by the Administrative Agent (Level 2 inputs) at September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023.

Note 6. 5. Derivative Financial Instruments

As a result of its operating and financing activities, the Company is exposed to market risks from changes in interest and foreign currency exchange rates. These market risks may adversely affect the Company's operating results, cash flows and financial position. The Company seeks to minimize manage risk from changes in interest and foreign currency exchange rates through the use of derivative financial instruments. Derivative contracts are not collateralized and are entered into with large, reputable financial institutions that are monitored for counterparty risk. Refer to Note 4 for information on the fair value of our derivative instruments.

Foreign currency contracts

The Company operates in foreign countries, which exposes it to market risk associated with foreign currency exchange rate fluctuations. The Company uses derivative financial instruments to manage its exposure to foreign currency exchange rate risk, specifically U.S. Dollar ("USD") – Canadian Dollar ("CAD") cross currency swaps and forward sales of CAD. These instruments lock in the exchange rate for a portion of the estimated cash flows of the Company's Canadian operations. As of September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023, cross currency swaps with notional amounts of $275.0 million were outstanding. Additionally, as of September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023, the Company's forward contracts had USD equivalent gross notional amounts of $53.9 million $59.8 million and $42.1 million $33.2 million, respectively. In April 2024, the Company terminated its cross currency swaps, resulting in net proceeds of $28.1 million.

Interest rate swap contracts

The Company's market risk is affected by changes in interest rates. The Company's Senior Secured Credit Facilities bear interest based on market rates plus an applicable spread. margin. Because the interest rate on the Company's floating-rate debt is tied to market rates, the Company manages its exposure to interest rate movements by effectively converting a portion of its floating-rate debt to fixed-rate debt. Interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount.

The Company has agreements with each of its derivative counterparties that contain a provision whereby the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on its indebtedness.

At September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023, interest rate swaps with notional amounts of $275.0 million were outstanding. In April 2024, the Company terminated its interest rate swaps, resulting in net proceeds of $10.3 million.

The fair values of cross currency swap contracts, forward contracts and interest rate swap contracts were as follows:

(in thousands)	*(in thousands)*	**Balance Sheet Location**	**September 30, 2023**	**December 31, 2022**	*(in thousands)*	**Balance Sheet Location**	**March 30, 2024**	**December 30, 2023**
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:							
Forward contracts								
Forward contracts								
Forward contracts	Forward contracts	Derivative asset – current	$ 104	$ 237				
Cross currency swaps	Cross currency swaps	Derivative asset – current	22	6				
Cross currency swaps	Cross currency swaps	Derivative asset – non-current	26,132	22,987				
Total derivatives in an asset position	Total derivatives in an asset position		$ 26,258	$ 23,230				
Forward contracts	Forward contracts	Accounts payable and accrued liabilities	$ —	$ 14				
Cross currency swaps	Cross currency swaps	Accounts payable and accrued liabilities	39	66				
Total derivatives in a liability position	Total derivatives in a liability position		$ 39	$ 80				
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:							
Interest rate swaps	Interest rate swaps	Derivative asset – current	$ 9,880	$ 8,382				
Interest rate swaps	Interest rate swaps	Derivative asset – non-current	5,084	8,090				
Interest rate swaps								
Interest rate swaps								
Total derivatives in an asset position	Total derivatives in an asset position		$ 14,964	$ 16,472				

Total deferred gain	Total deferred gain	Accumulated other comprehensive income	$ 18,099	$ 21,014

The impact of derivative financial instruments on the unaudited interim condensed consolidated statements of operations and comprehensive (loss) income loss was as follows:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
(in thousands)					
(in thousands)					
(in thousands)	*(in thousands)*	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Gain (loss) on forward contracts recognized in (loss) gain on foreign currency, net	Gain (loss) on forward contracts recognized in (loss) gain on foreign currency, net	$ 555	$ 871	$ (134)	$ 1,041
Gain (loss) on forward contracts recognized in (loss) gain on foreign currency, net					
Gain (loss) on forward contracts recognized in (loss) gain on foreign currency, net					
Gain on cross currency swaps recognized in (loss) gain on foreign currency, net					
Gain on cross currency swaps recognized in (loss) gain on foreign currency, net					
Gain on cross currency swaps recognized in (loss) gain on foreign currency, net	Gain on cross currency swaps recognized in (loss) gain on foreign currency, net	$ 6,933	$ 12,426	$ 3,003	$ 13,340
Gain on interest rate swaps recognized in interest expense, net	Gain on interest rate swaps recognized in interest expense, net	$ 2,961	$ 795	$ 8,084	$ 378
Gain on interest rate swaps recognized in interest expense, net					
Gain on interest rate swaps recognized in interest expense, net					

The table below presents the effect of cash flow hedge accounting on other comprehensive (loss) income, loss, net of tax:

	Thirteen Weeks Ended	Thirty-Nine Weeks Ended

(in thousands)	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Amount of gain recognized in other comprehensive (loss) income	$ 1,655	$ 8,415	$ 5,170	$ 19,867
Amount of gain reclassified from accumulated other comprehensive income into net (loss) income	$ 2,962	$ 795	$ 8,085	$ 414

	Thirteen Weeks Ended	
(in thousands)	March 30, 2024	April 1, 2023
Gain (loss) recognized in other comprehensive loss	$ 2,199	$ (1,253)
Gain reclassified from accumulated other comprehensive income into net loss	$ 3,024	$ 2,394

Amounts reclassified from accumulated other comprehensive income into net income loss are recognized in interest expense. expense, net. Within the next 12 months, the Company estimates that an additional $11.8 million $10.8 million of gains currently recognized within accumulated other comprehensive income will be reclassified as a decrease in interest expense. expense, net.

Note 7. 6. Segment Information

The Company has two reportable segments: U.S. Retail and Canada Retail. In addition to its two reportable segments, the Company has retail stores in Australia and wholesale operations, both of which are classified within Other.

The Company evaluates the performance of its segments based on Segment Profit, which it defines as operating income, exclusive of corporate overhead and allocations, asset impairments as applicable, and certain separately disclosed unusual or infrequent items. Segment Profit, as defined herein, may not be comparable to similarly titled measures used by other entities. These measures should not be considered as alternatives to our GAAP measures of Operating income, Net (loss) income, loss, or cash flows from operating activities as an indicator of the Company's performance or as a measure of its liquidity.

Our segment results were as follows:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
(in thousands)					
(in thousands)					
(in thousands)	*(in thousands)*	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net sales:	**Net sales:**				
Net sales:					
Net sales:					
U.S. Retail					
U.S. Retail					
U.S. Retail	U.S. Retail	$ 200,127	$ 193,128	$ 580,648	$ 555,350
Canada Retail	Canada Retail	163,518	156,572	450,280	434,433
Canada Retail					
Canada Retail					
Other					
Other					
Other	Other	29,053	28,592	86,556	80,644

Total net sales	Total net sales	$ 392,698	$ 378,292	$ 1,117,484	$ 1,070,427
Total net sales					
Total net sales					
Segment profit:					
Segment profit:					
Segment profit:	**Segment profit:**				
U.S. Retail	U.S. Retail	$ 52,262	$ 49,399	$ 147,062	$ 137,003
U.S. Retail					
U.S. Retail					
Canada Retail					
Canada Retail					
Canada Retail	Canada Retail	56,404	52,161	140,888	128,246
Other	Other	10,061	10,426	29,913	26,520
Other					
Other					
Total segment profit					
Total segment profit					
Total segment profit	Total segment profit	118,727	111,986	317,863	291,769
General corporate expenses	General corporate expenses	82,471	32,889	167,797	91,593
General corporate expenses					
General corporate expenses					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	15,911	13,418	45,088	40,110
Operating income	Operating income	20,345	65,679	104,978	160,066
Operating income					
Operating income					
Interest expense, net					
Interest expense, net					
Interest expense, net	Interest expense, net	(18,708)	(16,454)	(70,912)	(45,855)
(Loss) gain on foreign currency, net	(Loss) gain on foreign currency, net	(195)	(18,371)	5,587	(26,639)
Other (expense) income, net		(45)	154	173	209
(Loss) gain on foreign currency, net					
(Loss) gain on foreign currency, net					
Other expense, net					
Other expense, net					
Other expense, net					

Loss on extinguishment of debt	Loss on extinguishment of debt	(10,615)	—	(16,626)	(1,023)
(Loss) income before income taxes		(9,218)	31,008	23,200	86,758
Income tax expense		6,394	15,511	13,957	28,472
Net (loss) income		$ (15,612)	$ 15,497	$ 9,243	$ 58,286
Loss on extinguishment of debt					
Loss on extinguishment of debt					
Loss before income taxes					
Loss before income taxes					
Loss before income taxes					
Income tax benefit					
Income tax benefit					
Income tax benefit					
Net loss					
Net loss					
Net loss					

Note 8. 7. Net (Loss) Income Loss Per Share

Basic and diluted net (loss) income loss per share were as follows:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(in thousands, except per share data)	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Numerator				
Net (loss) income	$ (15,612)	$ 15,497	$ 9,243	$ 58,286
Denominator				
Basic weighted average common shares outstanding	160,247	141,551	147,885	141,551
Dilutive effect of employee stock options and awards	—	4,573	5,249	4,573
Diluted weighted average common shares outstanding (1)	160,247	146,124	153,134	146,124
Net (loss) income per share				
Basic	$ (0.10)	$ 0.11	$ 0.06	$ 0.41
Diluted	$ (0.10)	$ 0.11	$ 0.06	$ 0.40

	Thirteen Weeks Ended	
(in thousands, except per share data)	March 30, 2024	April 1, 2023
Numerator		
Net loss	$ (467)	$ (10,195)
Denominator		
Basic weighted average common shares outstanding	161,247	141,695
Dilutive effect of employee stock options and awards	—	—
Diluted weighted average common shares outstanding (1)	161,247	141,695

Net loss per share				
Basic	$	(0.00)	$	(0.07)
Diluted	$	(0.00)	$	(0.07)

(1) For the thirteen weeks ended September 30, 2023 March 30, 2024, the calculation of diluted net loss per share excludes the effect of 6.6 million 8,118 potential shares of common stock relating to awards of stock options and restricted stock units that, if exercised, would have been antidilutive. For the thirty-nine thirteen weeks ended September 30, 2023 and April 1, 2023, the thirteen and thirty-nine weeks ended October 1, 2022, there were no stock-based calculation of diluted net loss per share excludes the effect of 4,644 potential shares of common stock relating to awards of stock options that, if exercised, would have had an antidilutive impact on earnings per share. been antidilutive.

Note 9. 8. Stock-based Compensation

2019 Management Incentive Plan

On March 28, 2019, the Company adopted the 2019 Management Incentive Plan (the "2019 Plan") which allows for the issuance of stock options to directors, officers, key employees and other key individuals. Stock options awarded under the 2019 Plan contain both service and performance conditions. Awards issued under the 2019 Plan have a 10-year contractual term. In connection with the adoption of the Omnibus Incentive Compensation Plan (as defined below), the Company ceased issuing awards under the 2019 Plan. As a result, no shares remain available for issuance under the 2019 Plan; however, the 2019 Plan continues to govern awards that are outstanding under it. As of September 30, 2023, 15.6 million shares remain outstanding under the 2019 Plan.

Omnibus Incentive Plan

In connection with the IPO, the Company's Board of Directors approved the Omnibus Incentive Compensation Plan (the "Omnibus Incentive Plan"), which became effective on June 28, 2023, the date the SEC declared our IPO registration statement on Form S-1 effective.

The Omnibus Incentive Plan allows for the issuance of up to 15.0 million new shares of common stock. In addition, should any awards under the 2019 Plan expire, terminate or be canceled, the shares of common stock underlying those awards will become available for issuance under the Omnibus Incentive Plan. Awards under the Omnibus Incentive Plan may be in the form of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, other stock-based awards and cash awards. Awards issued under the Omnibus Incentive Plan have a maximum contractual term of 10 years. As of September 30, 2023, there were 14.5 million shares available for future issuance under the Omnibus Incentive Plan.

Stock-based Compensation

Stock-based compensation expense for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 and October 1, 2022 April 1, 2023 was $51.0 million $19.1 million and $1.1 million $0.9 million, respectively.

Time-based options

Stock option awards containing only a service condition ("time-based options") generally vest in equal annual installments over five years from the date of grant, subject provided the participant continues to continued employment be employed by, or provide service to, the Company through each vesting date. Stock-based compensation cost for time-based options is measured at the grant date based on the fair value of the award using the Black-Scholes-Merton option pricing model and is recognized ratably over the requisite service period of the awards. The Company accounts for forfeitures for time-based options as they occur.

The following assumptions apply to time-based options awarded during the thirty-nine weeks ended September 30, 2023 and October 1, 2022 under the Black-Scholes-Merton option pricing model:

	Thirty-Nine Weeks Ended	
	September 30, 2023	**October 1, 2022**
Expected volatility	35.4% to 35.7%	32.7% to 39.8%
Risk-free interest rate	3.4% to 4.2%	1.8% to 3.0%
Expected term (in years)	6.5	6.5

The dividend yield assumption is zero. Although the Company made a special cash dividend in February 2023, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of stock options awarded during the thirty-nine weeks ended September 30, 2023 and October 1, 2022 was $6.01 and $5.56, respectively.

Expected volatility is based on historic share price volatilities of comparable publicly traded companies. Based upon limited exercise history, the Company has elected to use the simplified method for estimating the expected term. The risk-free rate is based on the 10 Year U.S. Treasury yield curve in effect at the time of each grant. The expected term of options granted represents the period of time that options are expected to be outstanding.

The following table summarizes the activity related to time-based options as of September 30, 2023 March 30, 2024:

(in thousands, except per share and remaining term amounts)	**Number of options**	**Weighted average exercise price per share**	**Weighted average remaining contractual term (in years)**	**Aggregate intrinsic value**
Outstanding at December 31, 2022	6,976	$ 4.99	7.66	$ 60,299
Granted	933	13.96		
Exercised	(186)	1.52		
Forfeited or expired	(100)	12.99		
Outstanding at September 30, 2023	7,623	6.07	7.22	96,013
Exercisable at September 30, 2023	3,422	2.83	6.34	54,205

(in thousands, except per share and remaining term amounts)	**Number of options**	**Weighted average exercise price per share**	**Weighted average remaining contractual term (in years)**	**Aggregate intrinsic value**
Outstanding at December 30, 2023	7,530	$ 5.99	6.93	$ 85,774
Granted	475	19.70		
Exercised	(1,183)	2.37		
Outstanding at March 30, 2024	6,822	7.57	7.12	80,079
Exercisable at March 30, 2024	3,463	3.57	6.11	54,413

As of September 30, 2023, unrecognized compensation expense related to outstanding time-based options was $13.1 million, which is expected to be recognized over a weighted average remaining vesting period of 3.86 years.

Performance-based options

Stock option awards containing a performance condition ("performance-based options") vest in 25% increments as performance conditions are achieved through the term of the options. Twenty-five percent of the outstanding performance-based options vested upon completion of the Company's IPO, with the remainder scheduled to vest in equal increments over three years starting on June 30, 2024, provided market-specific performance conditions are achieved. Performance-based options are subject to continued employment through the vesting date.

In October 2022, May 2023 and on July 2, 2023, the Company modified the vesting terms of its performance-based options. The Company determined that the modified vesting terms constituted modifications under Topic 718 and thus remeasured the fair value of the outstanding performance-based options as of their respective modification dates.

Compensation expense for performance-based options is recognized when it is probable that performance conditions will be achieved. The Company accounts for forfeitures for performance-based options as they occur. A Black-Scholes-Merton option pricing model was used to determine the grant-date fair value of the performance-based options that were tied to the Company's IPO and a Monte Carlo simulation under the option pricing framework was used to determine the grant-date fair value of the performance-based options subject to market-specific performance conditions.

Upon completion of our IPO on July 3, 2023, we commenced recognition of stock-based compensation for our performance-based options as the underlying performance-based condition was satisfied. During the thirteen weeks ended September 30, 2023 March 30, 2024, we recognized $28.0 million of expense related to performance-based options that vested upon completion of our IPO and $19.2 million $16.8 million of expense related to amortization of the remaining outstanding performance-based options that are recognized on a graded vesting basis over their expected vesting period.

Black-Scholes-Merton Option Pricing Model

The following assumptions were used to remeasure the fair value of performance-based options resulting from the October 2022 and May 2023 modifications under the Black-Scholes-Merton option pricing model:

	Thirty-Nine Weeks Ended	
	September 30, 2023	October 1, 2022
Expected volatility	35.5%	35.1%
Risk-free interest rate	3.5%	3.8%
Expected term (in years)	6.5	6.5

The dividend yield assumption is zero. Although the Company made a special cash dividend in February 2023, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of stock options modified during the thirty-nine weeks ended September 30, 2023 and October 1, 2022 was $16.32 and $13.51, respectively.

Expected volatility is based on historic share price volatilities of comparable publicly traded companies. Based upon limited exercise history, the Company has elected to use the simplified method for estimating the expected term. The risk-free rate is based on the 10 Year U.S. Treasury yield curve in effect at the time of each grant. The expected term of options granted represents the period of time that options are expected to be outstanding.

Monte Carlo Simulation

The following assumptions were used to remeasure the fair value of performance-based options resulting from the July 2023 modifications under the Monte Carlo simulation:

	Thirty-Nine Weeks Ended
	September 30, 2023
Expected volatility	35.0%
Risk-free interest rate	3.55% to 3.74%
Expected term (in years)	3.1 to 6.6

The dividend yield assumption is zero. Although the Company made a special cash dividend in February 2023, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of stock options modified during the thirty-nine weeks ended September 30, 2023 was $21.18.

Expected volatility is based on historic share price volatilities of comparable publicly traded companies. Based upon limited exercise history, the Company has elected to use the simplified method for estimating the expected term. The risk-free rate is based on the 10 Year U.S. Treasury yield curve in effect at the time of each grant. The expected term of options granted represents the period of time that options are expected to be outstanding.

The following table summarizes the activity related to performance-based options as of September 30, 2023 March 30, 2024:

(in thousands, except per share and remaining term amounts)	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 31, 2022	7,948	$ 2.05	7.02	$ 90,339
Outstanding at September 30, 2023	7,948	2.05	6.28	132,004
Exercisable at September 30, 2023	1,987	2.05	6.28	33,001

As of September 30, 2023, unrecognized compensation expense related to outstanding performance-based options was $107.1 million, which is expected to be recognized over a weighted average remaining vesting period of 2.75 years.

(in thousands, except per share and remaining term amounts)	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 30, 2023	7,948	$ 2.05	5.78	$ 121,750
Exercised	(93)	1.61		
Forfeited or expired	(277)	1.61		
Outstanding at March 30, 2024	7,578	2.08	5.80	130,314
Exercisable at March 30, 2024	1,895	2.08	5.80	32,579

Restricted Stock Units

Restricted stock units ("RSUs") containing only a service condition generally vest in equal annual installments over a one-year or three-year period from the date of grant, subject provided the participant continues to continued employment be employed by, or provides service to, the Company through each vesting date. The fair value of the RSUs is determined by using the closing price of the Company's common stock on the date of the grant. All RSUs were granted after the Company's common stock commenced trading on June 29, 2023.

The following table summarizes the activity related to RSUs as of September 30, 2023 March 30, 2024:

(in thousands, except per share amounts)	Number of Units	Weighted Average Grant Date Fair Value per share
Unvested at December 31, 2022	—	$ —
Granted	554	22.91
Forfeited	(7)	22.91
Unvested at September 30, 2023	547	22.91

As of September 30, 2023, unrecognized compensation expense related to outstanding restricted stock units was $11.3 million, which is expected to be recognized over a weighted average remaining vesting period of 2.64 years.

(in thousands, except per share amounts)	Number of units	Weighted average grant-date fair value per share
Unvested at December 30, 2023	547	$ 22.81
Granted	469	19.70
Forfeited	(5)	22.59
Unvested at March 30, 2024	1,011	21.37

Note 10. 9. Income Taxes

The income tax provision for interim periods is generally determined using an estimate of the Company's annual effective tax rate adjusted for discrete items. Each quarter the estimate of the annual effective tax rate is updated, and if the Company's estimated tax rate changes, a cumulative adjustment is made.

The effective tax rate for the thirteen weeks ended September 30, 2023 March 30, 2024 and October 1, 2022 April 1, 2023 was (69.4)% 90.6% and 50.0% 25.2%, respectively. The effective tax rates differed from the federal statutory rate primarily due to changes in the valuation allowances, tax credits, withholding taxes, state income taxes, Global Intangible Low Taxed Income ("GILTI"), Foreign Derived Intangible Income ("FDII"), Internal Revenue Code Section 162(m) excess compensation, and foreign rate differential.

The effective excess tax rate for the thirty-nine weeks ended September 30, 2023 and October 1, 2022 was 60.2% and 32.8%, respectively. The effective tax rates differed from the federal statutory rate primarily due benefits related to changes in the valuation allowances, tax credits, withholding taxes, state income taxes, GILTI, FDII, Internal Revenue Code Section 162(m) excess compensation stock option exercises and foreign rate differential.

In the normal course of business, the Company is required to make estimated tax payments throughout the year based on the expected tax liability for the full year. This results in a prepaid balance during the first half of the year, as the Company earns most of its profit in the second half of the year. As of September 30, 2023 March 30, 2024, the Company had a $6.3 an $11.1 million balance in prepaid income taxes, which is classified in prepaid expenses and other current assets in the unaudited interim condensed consolidated balance sheets.

Note 11. 10. Commitments and Contingencies

Litigation and regulatory matters

The Company is involved from time to time in claims, proceedings and litigation arising in the ordinary course of business. The Company has made accruals with respect to these matters, where appropriate, which are reflected in the unaudited interim condensed consolidated financial statements. For some matters, the amount of liability is not probable or the amount cannot be reasonably estimated and therefore accruals have not been made. The Company may enter into discussions regarding settlement of these matters and may enter into settlement agreements, if in the best interest of the Company. From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

The Company periodically has inquiries from various government agencies regarding aspects of its operations. In 2014, the Company received such an inquiry from the Attorney General of the State of Washington. In December 2017, the Washington Attorney General ("AG") filed a lawsuit against the Company in State Court relating to, among other things, alleged deceptive advertisements and marketing practices. The parties completed the first phase of the lawsuit in October 2019. The second phase of the lawsuit was scheduled for June 2020, but in May 2020, the Washington Court of Appeals granted the Company's request for a discretionary review of the ruling in the first phase. On August 16, 2021, the Washington Court of Appeals ruled in the Company's favor and dismissed all of the remaining claims. At this point, the Company had prevailed on all claims asserted in the lawsuit. On November 17, 2021, the Washington Court of Appeals denied a Motion for Reconsideration filed by the Washington AG. Thereafter, on December 17, 2021, the Washington AG filed a Petition for Review in the Washington Supreme Court. On March 30, 2022, the Washington Supreme Court granted the Washington AG's petition to review the case. Oral argument took place at the Washington Supreme Court on October 25, 2022. On February 23, 2023, the Washington Supreme Court reaffirmed the Court of Appeals decision in favor of the Company and remanded the case to the trial court to dismiss the Washington AG's claims and rule on attorneys' fees and costs. On June 14, 2023, the Washington AG filed a motion for dismissal without award of attorneys' fees or costs. On June 20, 2023, the court ruled in favor of the Company and struck the AG's motion. On July 6, 2023, the Company filed a motion for attorneys' fees and costs. On October 17, 2023, the court awarded the Company $4.3 million in attorneys' fees and costs and such funds were received by the Company on November 8, 2023.

Note 12. 11. Subsequent Events

Litigation and regulatory matters Acquisition of Thrift Store Chain

On October 17, 2023 May 6, 2024, as disclosed immediately above, the Company was awarded $4.3 acquired, for an immaterial amount, 2 Peaches Group, LLC, a thrift store chain with seven locations in the Atlanta, Georgia metropolitan area. The acquired stores are the Company's first locations in the state of Georgia and will serve as a base for the Company's entrance and expansion into the southeast region of the U.S. For the period of May 7, 2024 to December 28, 2024, the acquisition is expected to generate approximately $7 million in attorneys' fees and costs in relation to litigation pursued by the Washington AG. Funds were received by the Company on November 8, 2023. The Company intends to donate $1.0 million of the $4.3 million award to its donor-advised charitable funds. net sales.

Share Repurchase Authorization

The Company announced on November 9, 2023 the authorization of a share repurchase program of up to $50.0 million of the Company's common stock. Under the program, Savers may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. The timing and amount of any shares purchased will be based upon a variety of factors, including the share price of the common stock, general market conditions, alternative uses for capital, Savers' financial performance, and other considerations. The share repurchase program does not obligate Savers to purchase any minimum number of shares, and the program may be suspended, modified, or discontinued at any time without prior notice. Any repurchases will be funded by available cash and cash equivalents.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of the financial condition and results of operations of Savers Value Village, Inc. in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and in our audited consolidated financial statements for the year ended December 30, 2023 and related notes as disclosed included in our prospectus Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") in accordance with Rule 424(b) of the Securities Act SEC on June 30, 2023 (the "Prospectus" March 8, 2024 (our "Annual Report") in connection with our IPO. . Unless the context otherwise requires, all references in this section to "Savers Value Village", "the Company", "we", "us" or "our" refer to the business of Savers Value Village, Inc. and its predecessor entities. .

This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations and reflect our plans, estimates and beliefs. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part II, I, Item 1A "Rick "Risk Factors" in our Annual Report or in other parts of this Form 10-Q, as well as those identified in the Prospectus. Quarterly Report.

Overview

We are the largest for-profit thrift operator in the United States ("U.S.") and Canada and operate a total of 321 stores 326 stores under the Savers®, Value Village™ Village®, Value Village Boutique™, Village des Valeurs™, Unique®, and 2nd Ave.® banners. We are committed to redefining secondhand shopping by providing one-of-a-kind, low-priced merchandise ranging from quality clothing to home goods in an exciting treasure-hunt shopping environment. We purchase secondhand textiles (e.g., clothing, bedding and bath items), shoes, accessories, housewares, books and other goods from our non-profit partners ("NPPs") either directly from them or via on-site donations ("OSDs") at Community Donation Centers ("CDCs") at our stores or at as well as through GreenDrop's mobile donation stations. We then process, select, price, merchandise and sell these items in our stores. Items that are not sold to our retail customers are marketed to wholesale customers, who reuse or repurpose the items they purchase from us. We believe our hyper-local and socially responsible procurement model, industry-leading and innovative operations, differentiated value proposition and deep relationships with our customers distinguish us from other secondhand and value-based retailers. Our business model is rooted in ESG principles, with a mission to positively impact our stakeholders: thrifters, NPPs and their donors, our team members and our stockholders. As a leader and pioneer of the for-profit thrift category, we seek to positively impact the environment by reducing waste and extending the life of reusable goods. The vast majority of the clothing and textiles we source are sold to our retail or wholesale customers.

We offer a dynamic, ever-changing selection of items, with an average unit retail ("AUR") price under of approximately $5. Our most engaged customers are members of our Super Savers Club® loyalty program. As of September 30, 2023 March 30, 2024, we had 5.2 5.5 million total active members enrolled in our U.S. and Canadian loyalty programs who each of whom have made a purchase within the last 12 months, compared to 4.7 4.9 million total active members as of October 1, 2022 April 1, 2023. Our total active Active members enrolled in our U.S. and Canadian loyalty programs who shopped with us as of September 30, 2023 drove 69.9% 70.9% of point-of-sale transaction value during the twelve months ended September 30, 2023 March 30, 2024, compared to 70.5% 69.8% of point-of-sale transaction value during the twelve months ended October 1, 2022 April 1, 2023. Beginning in the third quarter of fiscal 2023, the Company updated its active loyalty member statistics for both the current year fiscal 2023 and prior year fiscal 2022 to include all stores.

We have innovated and invested in the development of significant operational expertise in order to integrate the three highly-complex parts of thrift operations—supply and processing, retail, and sales to wholesale markets. Our business model enables us to provide value to our NPPs and our customers, while driving attractive profitability and cash flow.

While purchases made by our customers in our stores do not directly benefit any NPP, we pay our NPPs a contracted rate for all donations. Our subsidiaries are registered professional fundraisers where required.

We source our merchandise locally by purchasing secondhand items donated to our NPPs primarily through three distinct and strategic procurement models:

- delivered supply: items donated to and collected by our NPPs through a variety of methods, such as neighborhood collections and donation drives;
- OSDs: donations of items by individuals to our local NPPs made at CDCs located at our stores; and
- GreenDrop locations: mobile donation stations placed in convenient, attractive and high-traffic locations that offer a fast and friendly experience to donors in the communities surrounding our stores.

We purchase merchandise from our NPPs which provides them with revenue to support their community-focused missions. From 2018 to 2022, 2023, over 90% of our supply was locally sourced, delivering a broad and diverse selection to our customers and fostering a sense of community. Our stores deliver a broad selection for our customers and at the same time reduce transportation costs and emissions typically associated with the production and distribution of new merchandise.

Our continued investment in our stores has both elevated and modernized the thrift shopping experience, transforming our stores into a thrift destination for all generations with increasing traffic from younger generations. To maximize traffic, we leverage data to drive merchandising decisions. For each store, we closely track what is being sold to inform how we optimize our merchandising mix, including by leveraging data analytics. We have also implemented self-checkout kiosks to significantly enhance store efficiency and shorten lines, thereby further improving the shopping experience experience.

Historically, we have displayed We display approximately 50% of all textile items we receive on our retail sales floors, approximately 50% of which are sold to thrifters. In support of our efforts to extend the life of reusable goods and recover a portion of the cost of acquiring our supply of secondhand items, we sell the majority of textiles, shoes and books unsold at retail to our wholesale customers (predominantly comprised of textile graders and small business owners) who supply local communities across the globe with gently used, affordable items like clothing, housewares, toys and shoes. Textiles not suitable for reuse as secondhand clothing can be repurposed into other textile items (e.g., wiping rags) and post-consumer fibers (e.g., insulation, carpet padding), further reducing waste.

Business Highlights

The following highlights our financial results for the thirteen weeks ended September 30, 2023 March 30, 2024 (the "third "first quarter") compared to the thirteen weeks ended April 1, 2023:

- Net sales increased 3.8% 2.5% to $392.7 million. Constant currency net sales increased 5.0% to $397.4 million $354.2 million.
- Comparable store sales increased 3.7% 0.3%, with the United States U.S. up 2.3% and Canada up 3.3% and 4.3%, respectively. down 2.6%.
- Sales yield increased 5.6% 1.4% to $1.50 $1.41 per pound.
- The Company opened three new stores during ended the third quarter, ending the third first quarter with 321 326 stores, and increasing its store count by 3.9% 2.8%.
- Net loss and net loss of $0.5 million, or $0.00 per diluted share were $15.6 million and $0.10, respectively. share.
- Adjusted net income increased 32.3% to $13.9 million and Adjusted net income per diluted share were $26.5 million and $0.16, respectively. was $0.08.
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") increased 6.3% 2.1% to $91.0 million $60.3 million, and Adjusted EBITDA margin increased 60 decreased 10 basis points to 23.2% 17.0%. Changes in foreign currency rates negatively positively impacted Adjusted EBITDA by $1.5 million $0.2 million during the third first quarter.
- Total active members enrolled in our U.S. and Canadian loyalty programs increased 10% 12.2% to 5.2 million at the end of the third quarter. 5.5 million.

Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin, as well as amounts presented on a constant currency basis, are not measures recognized under U.S. GAAP. For additional information on our use of non-GAAP financial measures and a reconciliation to the nearest GAAP measure, see "Non-GAAP Measures" below.

Sales yield is presented on a currency neutral and comparable store sales growth basis. For additional information on sales yield, see "Key Performance Indicators" below.

Recent Developments

Notes Offering

On February 6, 2023, certain of our wholly-owned subsidiaries completed the issuance of $550.0 million aggregate principal amount of 9.75% Senior Secured Notes due 2028 (the "Notes"). The Notes mature on April 26, 2028, and bear interest at a fixed rate of 9.75% per year, payable semi-annually on each February 15 and August 15, commencing on August 15, 2023 through maturity. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by S-Evergreen Holding Corp. and each of its existing and future direct and indirect wholly-owned U.S. and Canadian subsidiaries (other than the issuers of the Notes).

In connection with the Notes Offering, we repaid $233.4 million of outstanding borrowings under our Term Loan Facility and paid a $262.2 million dividend to our equityholders. We also paid a $23.6 million special one-time bonus to certain of our employees and directors participating in our management equity incentive plan, who were unable to participate in the dividend. As of September 30, 2023, $495.0 million aggregate principal amount of Notes remain outstanding.

Reverse stock split

On May 26, 2023, in anticipation of the IPO, we effectuated a reverse stock split of our then-outstanding common stock, in which each share of pre-split common stock became 0.713506461319705 of a share of post-reverse split common stock (the “Reverse Stock Split”) and corresponding adjustments were made to our outstanding equity awards. All references to units, per unit, shares and per share amounts for all periods presented have been retrospectively restated to give effect to the Reverse Stock Split.

Authorized shares Derivative Financial Instruments

In connection with April 2024, we terminated our IPO, we filed an amended interest rate swaps and restated certificate of incorporation (the “A&R Charter”) on June 29, 2023. We also amended and restated our bylaws, effective as of June 28, 2023. The A&R Charter authorized 800.0 million shares of common stock, par value $0.000001 per share, and 100.0 million shares of preferred stock, par value $0.000001 per share.

Initial public offering

On July 3, 2023, we completed our IPO for the sale of 18.8 million shares of our common stock, $0.000001 par value per share, at a public offering price of $18.00 per share. We received cross currency swaps realizing net proceeds of $295.0 million after deducting discounts $38.4 million.

Acquisition of Thrift Store Chain

On May 6, 2024, the Company acquired, for an immaterial amount, 2 Peaches Group, LLC, a thrift store chain with seven locations in the Atlanta, Georgia metropolitan area. The acquired stores are the Company’s first locations in the state of Georgia and commissions of $22.8 million will serve as a base for the Company’s entrance and offering expenses of $19.7 million. We used expansion into the net proceeds from our IPO, together with cash on our balance sheet, to redeem $55.0 million aggregate principal amount southeast region of the Notes, repay $252.4 million aggregate principal amount U.S. For the period of outstanding borrowings under May 7, 2024 to December 28, 2024, the Term Loan Facility, pay accrued interest on these borrowings and pay a premium on the partial redemption of our Notes.

Stock-based compensation

Upon completion of our IPO on July 3, 2023, we commenced recognition of stock-based compensation for our performance-based options as the underlying performance-based condition was satisfied. During the thirteen weeks ended September 30, 2023, we recognized $28.0 million of expense related acquisition is expected to performance-based options that vested upon completion of our IPO and $19.2 million of expense related to amortization of the remaining outstanding performance-based options that are recognized on a graded vesting basis over their expected vesting period.

On June 29, 2023, generate approximately $7 million in connection with the IPO, we granted 0.6 million restricted stock units to certain directors and employees, including some of our named executive officers (excluding our CEO). During the thirteen weeks ended September 30, 2023, we recognized $1.1 million of expense related to the amortization of these restricted stock units which vest in equal installments over a one-year or three-year period from the date of grant.

Share repurchase authorization

We announced on November 9, 2023 the authorization of a share repurchase program of up to $50.0 million of our common stock. Under the program, we may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. The timing and amount of any shares purchased will be based upon a variety of factors, including the share price of the common stock, general market conditions, alternative uses for capital, our financial performance, and other considerations. The share repurchase program does not obligate us to purchase any minimum number of shares, and the program may be suspended, modified, or discontinued at any time without prior notice. Any repurchases will be funded by available cash and cash equivalents. net sales.

Key Performance Indicators

We use the key business metrics performance indicators below to evaluate the performance of our business, identify trends, formulate financial projections and make strategic decisions. We believe that these metrics provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team.

The following table summarizes our key performance indicators for the periods indicated:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Comparable Store Sales Growth (1)				
United States	3.3 %	4.1 %	4.8 %	4.6 %

Canada	4.3 %	9.4 %	6.1 %	33.4 %
Total (3)	3.7 %	8.0 %	5.4 %	16.3 %
Comparable Store Daily Sales Growth (2)				
United States	n/m	4.1 %	n/m	4.6 %
Canada	n/m	9.4 %	n/m	4.3 %
Total (3)	n/m	6.2 %	n/m	2.9 %
Number of Stores				
United States	152	149	152	149
Canada	157	150	157	150
Total (3)	321	309	321	309
Other Metrics				
Pounds Processed (lbs mm)	249	255	734	751
Sales yield (4)	$ 1.50	$ 1.42	$ 1.46	$ 1.36
Cost of merchandise sold per pound	$ 0.64	$ 0.60	$ 0.63	$ 0.59

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n/m – not meaningful

	Thirteen Weeks Ended	
	March 30, 2024	April 1, 2023
Comparable Store Sales Growth (1)		
United States	2.3 %	5.6 %
Canada	(2.6)%	9.0 %
Total (2)	0.3 %	7.2 %
Number of Stores		
United States	155	152
Canada	159	153
Total (2)	326	317
Other Metrics		
Pounds Processed (lbs mm)	238	240
Sales yield (3)	$ 1.41	$ 1.39
Cost of merchandise sold per pound processed	$ 0.66	$ 0.61

(1) Comparable store sales growth is the percentage change in comparable store sales over the comparable period in the prior fiscal year. We define comparable store sales to be sales by stores that have been in operation for all or a portion of two consecutive fiscal years, or, in other words, stores that are starting their third fiscal year of operation. We consider any store temporarily closed due to the COVID-19 pandemic to be open and In fiscal year 2023, comparable during the period for the purposes of calculating comparable sales growth. Comparable store sales growth excludes stores acquired in the 2nd Ave. acquisition because those stores were not yet fully integrated during the prior year comparative period. Comparable store sales growth is measured in local currency for Canada, while total comparable store sales growth is measured on a constant currency basis.

(2) Comparable store daily sales growth represents net sales by stores in the relevant geography that were or would have been open for the entirety of both periods if not for temporary closures due to the COVID-19 pandemic, divided by the aggregate number of days those stores were open. Comparable store daily sales growth is the percentage change in comparable store daily sales over the comparable period in the prior fiscal year. Comparable store daily sales growth excludes stores acquired in the 2nd Ave. acquisition, because those stores were not yet fully integrated during the prior year comparative period. Comparable store daily sales growth is measured in local currency for Canada, while total comparable store daily sales growth is measured on a constant currency basis.

(3) Total comparable store sales growth, total comparable store daily sales growth and total number of stores include our Australia retail locations, in addition to retail stores in the United States U.S. and Canada.

(4) (3) Sales We define sales yield is presented as retail sales generated per pound processed on a currency neutral and comparable store sales growth basis.

Comparable store sales growth

Comparable store sales growth provides us with visibility into top-line performance on a like-for-like basis excluding new stores opened in the current or previous reporting period and excluding all closed stores as of the end of the current reporting period. We believe investors can use this metric to assess our ability to increase comparable store sales over time.

During the thirteen weeks ended September March 30, 2023 2024, our comparable store sales growth was 3.7% 0.3%, primarily reflecting growth an increase in transactions. average basket size and transaction count in our U.S. Retail segment, partially offset by a decline in transaction count in our Canada Retail segment. During the thirteen weeks ended October 1, 2022 April 1, 2023, our comparable store sales growth was 8.0%, primarily reflecting the impact of pandemic related store closures during fiscal year 2021 which we did not experience during the thirteen weeks ended October 1, 2022.

During the thirty-nine weeks ended September 30, 2023, our comparable store sales growth was 5.4% 7.2%, primarily reflecting growth in transactions. During the thirty-nine weeks ended October 1, 2022, our comparable store sales growth was 16.3%, primarily reflecting the impact of pandemic related store closures during fiscal year 2021 which we did not experience during the thirty-nine weeks ended October 1, 2022.

Comparable store daily sales growth

Comparable store daily sales growth is a metric designed to adjust for temporary store closures due to COVID-19. Since there were no store closures during the thirteen weeks ended and thirty-nine weeks ended September 30, 2023 and October 1, 2022 due to COVID-19, we discontinued presenting comparable store daily sales growth in fiscal year 2023 since it would produce the same result as comparable store sales growth. Our percentage open store days was 100% during the thirteen weeks ended October 1, 2022, compared to nearly 100% during the thirteen weeks ended October 2, 2021. Our percentage open store days was 100% during the thirty-nine weeks ended October 1, 2022, compared to 88.0% during the thirty-nine weeks ended October 2, 2021. transaction count.

Number of stores

Our number of stores provides us visibility into our scale of operations and is viewed as a key driver of long-term growth. We believe investors can use this metric to assess our ability to open new stores in high-growth markets while reducing our the number of stores in low-growth markets.

Our number of open stores increased to 321 326 stores as of September 30, 2023 March 30, 2024, from 309 317 stores as of October 1, 2022 April 1, 2023. The increase in stores resulted from the opening of three new stores in the United States, seven U.S. and six new stores in Canada and two new stores in Australia. Canada.

Pounds processed

We define pounds processed as the total number of pounds of goods processed during the period, excluding furniture and other large items. We process inventory by receiving goods directly from our NPPs or through OSDs and GreenDrop, sorting them, and placing them on the sales floor. From 2019 to 2023, we have found that items sourced through OSDs have a cost per pound that is on average less than one-third that of delivered supply from our NPPs. This metric is an indicator of the amount of secondhand goods processed during the period and is typically a key driver of top-line sales growth. We believe investors can use this metric to assist in their evaluation of our sales growth and sales yield.From 2018 to 2022, we have found that items sourced through OSDs have a cost per pound that is on average one-third that of delivered supply from our NPPs.

During the thirteen weeks ended September March 30, 2023 2024, we processed 249 238 million pounds of supply, of which 77.9% 71.9% was comprised of supply from OSDs and GreenDrop. During the thirteen weeks ended October April 1, 2022, 2023, we processed 255 240 million pounds of supply, of which 74.5% 68.3% was comprised of supply from OSDs and GreenDrop.

During the thirty-nine weeks ended September 30, 2023, we processed 734 million pounds of supply, of which 74.4% was comprised of supply from OSDs and GreenDrop. During the thirty-nine weeks ended October 1, 2022, we processed 751 million pounds of supply, of which 73.0% was comprised of supply from OSDs and GreenDrop.

Sales yield

We define sales yield as retail sales generated per pound of processed volume on a currency neutral and comparable store growth basis. We believe investors can use this metric as a proxy for an indicator of the quality of goods we source, because when the quality is high, we are able to sell more items and/or sell items at higher prices from the volume we process than we would otherwise.

On a currency neutral and comparable store sales growth basis, our sales yield for the thirteen weeks ended September 30, 2023 March 30, 2024 was $1.50, $1.41, compared to $1.42 $1.39 for the thirteen weeks ended October 1, 2022 April 1, 2023. The 5.6% 1.4% improvement in sales yield primarily reflects an increase in supply quality, partially driven by an increase in OSD mix as a percentage of total pound processed, and pricing effectiveness which together drove more items sold per pound processed at higher price points.

On a currency neutral and comparable store sales growth basis, our sales yield for the thirty-nine weeks ended September 30, 2023 was $1.46, compared to $1.36 for the thirty-nine weeks ended October 1, 2022. The 7.4% improvement in sales yield primarily reflects an increase in supply quality, partially driven by an increase in OSD mix as a percentage of total pound processed, and pricing effectiveness which together drove more items sold per pound processed at higher price points. average selling price.

Cost of merchandise sold per pound processed

We define cost of merchandise sold per pound processed as cost of merchandise sold, exclusive of depreciation and amortization, on a reported basis, divided by total pounds of goods processed. We believe investors can use this metric to determine our ability to cost-effectively purchase and process supply items, and determine the value of incremental sales.

Cost of merchandise sold per pound processed during the thirteen weeks ended September 30, 2023 March 30, 2024 was $0.64, $0.66, compared to $0.60 $0.61 for the thirteen weeks ended October 1, 2022 April 1, 2023, primarily reflecting higher labor material, personnel and material costs, partially offset by the scaling of our business and a decrease in freight costs.

Cost of merchandise sold per pound processed during the thirty-nine weeks ended September 30, 2023 was $0.63, compared to $0.59 for the thirty-nine weeks ended October 1, 2022, primarily reflecting higher labor costs, partially offset by the scaling of our business.

Results of Operations

The following table sets forth our results of operations for each of the periods presented:

		Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
		Thirteen Weeks Ended							
		Thirteen Weeks Ended							
		Thirteen Weeks Ended							
(in thousands)									
(in thousands)									
(in thousands)	*(in thousands)*	**September 30, 2023**		**October 1, 2022**		**September 30, 2023**		**October 1, 2022**	
Net sales	Net sales	$ 392,698	100.0%	$ 378,292	100.0%	$ 1,117,484	100.0%	$ 1,070,427	100.0%
Net sales									
Net sales									
Operating expenses:									
Operating expenses:									
Operating expenses:	Operating expenses:								
Cost of merchandise sold, exclusive of depreciation and amortization	Cost of merchandise sold, exclusive of depreciation and amortization	158,252	40.3	152,623	40.3	458,950	41.1	443,372	41.4

Cost of merchandise sold, exclusive of depreciation and amortization

Cost of merchandise sold, exclusive of depreciation and amortization

Salaries, wages and benefits

Salaries, wages and benefits

Salaries, wages and benefits	Salaries, wages and benefits	116,114	29.6	68,107	18.0	276,088	24.7	199,643	18.7
Selling, general and administrative	Selling, general and administrative	82,076	20.8	78,465	20.8	232,380	20.8	227,236	21.2

Selling, general and administrative

Selling, general and administrative

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization	Depreciation and amortization	15,911	4.1	13,418	3.5	45,088	4.0	40,110	3.7
Total operating expenses	Total operating expenses	372,353	94.8	312,613	82.6	1,012,506	90.6	910,361	85.0

Total operating expenses

Total operating expenses

Operating income	Operating income	20,345	5.2	65,679	17.4	104,978	9.4	160,066	15.0
Other (expense) income:									

Operating income

Operating income

Other (expense) income

Other (expense) income

Other (expense) income

Interest expense, net

Interest expense, net

Interest expense, net	Interest expense, net	(18,708)	(4.8)	(16,454)	(4.3)	(70,912)	(6.3)	(45,855)	(4.3)
(Loss) gain on foreign currency, net	(Loss) gain on foreign currency, net	(195)	—	(18,371)	(4.9)	5,587	0.5	(26,639)	(2.5)
Other (expense) income, net		(45)	—	154	—	173	—	209	—

(Loss) gain on foreign currency, net

(Loss) gain on foreign currency, net

Other expense, net

Other expense, net

Other expense, net

Loss on extinguishment of debt

Loss on extinguishment of debt

Loss on extinguishment of debt	Loss on extinguishment of debt	(10,615)	(2.7)	—	—	(16,626)	(1.5)	(1,023)	(0.1)

Other expense, net	Other expense, net	(29,563)	(7.5)	(34,671)	(9.2)	(81,778)	(7.3)	(73,308)	(6.9)
(Loss) income before income taxes		(9,218)	(2.3)	31,008	8.2	23,200	2.1	86,758	8.1
Income tax expense		6,394	1.7	15,511	4.1	13,957	1.3	28,472	2.7
Net (loss) income		$ (15,612)	(4.0)%	15,497	4.1%	$ 9,243	0.8%	$ 58,286	5.4%
Other expense, net									
Other expense, net									
Loss before income taxes									
Loss before income taxes									
Loss before income taxes									
Income tax benefit									
Income tax benefit									
Income tax benefit									
Net loss									
Net loss									
Net loss									

Thirteen Weeks Ended September 30, 2023 March 30, 2024 compared to the Thirteen Weeks Ended October 1, 2022 April 1, 2023

Net sales

The following table presents net sales:

		Thirteen Weeks Ended							
		Thirteen Weeks Ended							
(in thousands)									
(in thousands)									
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**	**March 30, 2024**	**April 1, 2023**	**$ Change**	**% Change**
Retail sales	Retail sales	$373,982	$358,535	$15,447	4.3 %	Retail sales $ 336,795	$ $ 327,428	$ $ 9,367	2.9 2.9 %
Wholesale sales	Wholesale sales	18,716	19,757	(1,041)	(5.3)				
Total net sales	Total net sales	$392,698	$378,292	$14,406	3.8 %	Total net sales $ 354,172	$ $ 345,684	$ $ 8,488	2.5 2.5 %

Retail net sales increased by $15.4 million $9.4 million, or 4.3% 2.9%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The 4.3% 2.9% increase in retail sales resulted resulted primarily from comparable store sales growth of 3.7% and a 3.9% 2.8% net increase in the number of stores year-over-year partially offset by the unfavorable and comparable store sales growth of 0.3%. The impact of foreign currency was de minimis during the thirteen weeks ended September 30, 2023 March 30, 2024.

Wholesale sales decreased by $1.0 $0.9 million, or 5.3% 4.8%, during the thirteen weeks ended September 30, 2023 March 30, 2024. The decrease resulted primarily from a decrease reduced prices charged to our wholesale customers, which was partially offset by an increase in pounds sold during the thirteen weeks ended September 30, 2023, which was partially offset by an increase in prices charged to our wholesale customers. March 30, 2024.

Cost of merchandise sold, exclusive of depreciation and amortization

The following table presents cost of merchandise sold, exclusive of depreciation and amortization (“cost of merchandise sold”): amortization:

Thirteen Weeks Ended

	Thirteen Weeks Ended												
(in thousands)													
(in thousands)													
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**	**March 30, 2024**			**April 1, 2023**		**$ Change**		**% Change**
Cost of merchandise sold, exclusive of depreciation and amortization	Cost of merchandise sold, exclusive of depreciation and amortization	$158,252	$152,623	$5,629	3.7 %	Cost of merchandise sold, exclusive of depreciation and amortization	$158,164	$ $	145,753	$ $	12,411	8.5	8.5 %

Cost of merchandise sold increased by $5.6 million $12.4 million, or 3.7% 8.5%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023.

As a percentage of net sales, cost of merchandise sold remained consistent at increased to 40.3% 44.7% during the thirteen weeks ended September 30, 2023 and March 30, 2024, compared to 42.1% during the thirteen weeks ended October 1, 2022 April 1, 2023. Compared to the thirteen weeks ended October 1, 2022, The increase in cost of merchandise sold as a percentage of net sales for the thirteen weeks ended September 30, 2023 March 30, 2024 primarily reflects the scaling of our business higher material, personnel and a decrease in freight costs as a percent of sales, offset by higher labor and material costs as a percent of sales.

Personnel costs classified within cost of merchandise sold increased to $93.7 $92.2 million during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to $89.3 $89.2 million during the thirteen weeks ended October 1, 2022 April 1, 2023. The $4.4 $3.0 million increase in personnel costs resulted primarily from higher wages, increased labor to support transaction growth benefits and an increase in the number of stores from 309 317 stores as of October 1, 2022 April 1, 2023 to 321 326 stores as of September 30, 2023 March 30, 2024. Material costs increased primarily as a result of increased acquisition costs. the ramp-up of new Centralized Processing Centers ("CPCs").

Salaries, wages and benefits

The following table presents salaries, wages and benefits expense:

	Thirteen Weeks Ended												
	Thirteen Weeks Ended												
(in thousands)													
(in thousands)													
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**	**March 30, 2024**			**April 1, 2023**		**$ Change**		**% Change**
Retail and wholesale	Retail and wholesale	$ 49,101	$49,294	$ (193)	(0.4)%	Retail and wholesale	$47,964	$ $	47,998	$ $	(34)	(0.1)	(0.1)%
Corporate	Corporate	67,013	18,813	48,200	256.2								
Total salaries, wages and benefits	Total salaries, wages and benefits	$116,114	$68,107	$48,007	70.5 %	Total salaries, wages and benefits	$83,697	$ $	92,632	$ $	(8,935)	(9.6)	(9.6)%

Salaries, wages and benefits expense increased decreased by $48.0 million $8.9 million, or 70.5% 9.6%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023.

Personnel costs for our retail and wholesale operations decreased remained consistent during the thirteen weeks ended March 30, 2024 by $0.2 million, or 0.4%, primarily as a result of and the rollout of self-checkout kiosks in our stores, partially offset by higher wage rates and an increase in the number of stores from 309 stores as of October 1, 2022 to 321 stores as of September 30, 2023thirteen weeks ended April 1, 2023.

Personnel costs for our corporate employees increased decreased by $48.2 million $8.9 million. Adjusting for the primarily reflecting the recognition $18.0 million of $48.3 million of IPO-related stock-based compensation expense in connection with our IPO, as well as increased headcount and wage rates year over year, partially offset by a reduction in bonus expense.

Upon completion of our IPO on July 3, 2023, we commenced recognition of stock-based compensation for our performance-based options as the underlying performance-based condition was satisfied. During incurred during the thirteen weeks ended September 30, 2023, we recognized $28.0 million of expense March 30, 2024 and the $24.1 million special one-time bonus and related to performance-based options that vested upon completion of our IPO and $19.2 million of expense related to amortization of taxes incurred during the remaining outstanding performance-based options that are recognized on a graded vesting basis over their expected vesting period. The thirteen weeks ended September 30, 2023 further includes $1.1 million of expense related April 1, 2023 in relation to the amortization issuance of restricted stock units granted in connection with our IPO that vest in equal installments over Senior Secured Notes, personnel costs for our corporate employees decreased $2.8 million primarily reflecting a one-year or three-year period from the date of grant.

reduction to annual incentive plan expense.

Selling, general and administrative

The following table presents selling, general and administrative expenses (“SG&A”): expenses:

		Thirteen Weeks Ended								
	Thirteen Weeks Ended									
(in thousands)										
(in thousands)										
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**	**March 30, 2024**		**April 1, 2023**	**$ Change**	**% Change**
Rent and utilities	Rent and utilities	$46,217	$43,451	$2,766	6.4 %	Rent and utilities	$44,395 $	$ 43,880 $	$ 515 1.2	1.2 %
Repairs and maintenance	Repairs and maintenance	8,298	7,753	545	7.0					
Marketing		3,188	3,894	(706)	(18.1)					
Professional service fees	Professional service fees	3,741	5,185	(1,444)	(27.8)					
Supplies	Supplies	4,704	5,287	(583)	(11.0)					
Marketing										
Other expenses	Other expenses	15,928	12,895	3,033	23.5					
Total selling, general and administrative	Total selling, general and administrative	$82,076	$78,465	$3,611	4.6 %	Total selling, general and administrative	$77,743 $	$ 77,045 $	$ 698 0.9	0.9 %

SG&A increased by $3.6 million $0.7 million, or 4.6% 0.9%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The increase in in SG&A resulted primarily from a $3.0 million$1.9 million increase in other expenses which includes information technology and general corporate and store expenses, as well as a $2.8 million$0.7 million increase in rent marketing due to increased store growth and utilities as a result of new stores. current initiatives. These increases were partially offset by a $1.4 million $2.5 million decrease in professional service fees primarily repairs and maintenance reflecting lower transaction costs. reduced store maintenance activities.

Depreciation and amortization

The following table presents depreciation and amortization expense:

		Thirteen Weeks Ended								
		Thirteen Weeks Ended								
(in thousands)										
(in thousands)										
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**		**March 30, 2024**	**April 1, 2023**	**$ Change**	**% Change**
Depreciation and amortization	Depreciation and amortization	$15,911	$13,418	$2,493	18.6 %	Depreciation and amortization	$18,301	$ $ 14,484	$ $ 3,817	26.4 26.4 %

Depreciation and amortization during the thirteen weeks ended September 30, 2023 March 30, 2024, increased by $2.5 million $3.8 million, or 18.6% 26.4%, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The increase in depreciation and amortization resulted primarily from investments in our store build-outs, CPCs automatic book processors and Automatic Book Processing systems ("ABPs") and store enhancement initiatives, , as well as capital expenditures related to capital maintenance.

Interest expense, net

The following table presents interest expense, net:

		Thirteen Weeks Ended								
		Thirteen Weeks Ended								
(in thousands)										
(in thousands)										
(in thousands)	*(in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**		**March 30, 2024**	**April 1, 2023**	**$ Change**	**% Change**
Interest expense, net	Interest expense, net	$(20,261)	$(16,236)	$(4,025)	24.8 %	Interest expense, net	$(17,699)	$ $ (25,398)	$ $ 7,699	(30.3) (30.3)%
Amortization of debt issuance cost and debt discount	Amortization of debt issuance cost and debt discount	(1,408)	(1,013)	(395)	39.0					
Gain on interest rate swaps	Gain on interest rate swaps	2,961	795	2,166	272.5					
Total interest expense, net	Total interest expense, net	$(18,708)	$(16,454)	$(2,254)	13.7 %	Total interest expense, net	$(16,076)	$ $ (24,470)	$ $ 8,394	(34.3) (34.3)%

Total interest expense, net increased $2.3 million decreased $8.4 million, or 13.7% 34.3%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The $2.3 million increase This $8.4 million decrease resulted primarily from a $7.7 million decrease in interest expense, net, resulted which was primarily from higher interest rates on our debt. This increase is due to higher a lower weighted average face value of debt. The weighted average face value of debt declined from $1.0 billion during the thirteen weeks ended April 1, 2023 to $802.6 million during the thirteen weeks ended March 30, 2024 primarily due to the timing of debt issuance and debt repayments. Also contributing to the $7.7 milliondecrease in interest on our variable rate debt and expense, net, was a decline in theissuance of $550.0 million of Senior Secured Notes on February 6, 2023 at a fixed interest rate of 9.75%, partially offset by principal repayments on our Term Loan Facility ($233.4 million on February 6, 2023, and $252.4 million on July 5, 2023) and Senior Secured Notes ($55.0 million on July 3, 2023). The weighted average interest rate on our debt from 10.15% to 9.73%. This decline was 10.16% during the thirteen weeks ended September 30, 2023, compared to 7.77% during the thirteen weeks ended October 1, 2022. The weighted average face

value of debt during the thirteen weeks ended September 30, 2023 was $828.7 million, compared to $818.8 million during the thirteen weeks ended October 1, 2022.

As short-term interest rates were higher during the thirteen weeks ended September 30, 2023 than in the comparative period, gains on our interest rate swaps increased $2.2 million during the thirteen weeks ended September 30, 2023, compared primarily due to the thirteen weeks ended October 1, 2022. execution of the Third Amendment to our Senior Secured Credit Facilities on January 30, 2024, which lowered the total margin on existing borrowings under the Term Loan Facility by 1.51 percentage points.

Loss (Loss) gain on foreign currency, net

The following table presents loss (loss) gain on foreign currency, net:

		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
(in thousands)	*(in thousands)*	September 30, 2023	October 1, 2022	$ Change	% Change
Loss on foreign currency remeasurement		$ (7,683)	$(31,668)	$23,985	(75.7)%
Gain on derivative instruments	Gain on derivative instruments	7,488	13,297	(5,809)	(43.7)
Total loss on foreign currency, net		$ (195)	$(18,371)	$18,176	(98.9)%

(in thousands)		March 30, 2024	April 1, 2023	$ Change	% Change
(in thousands)					
(Loss) gain on foreign currency remeasurement	(Loss) gain on foreign currency remeasurement	$ (6,841)	$ 671	$ (7,512)	n/m
	Gain on derivative instruments	5,885 624	624 5,261	5,261 n/m	n/m
Total (loss) gain on foreign currency, net	Total (loss) gain on foreign currency, net	$ (956)	$ 1,295	$ (2,251)	(173.8)%

n/m – not meaningful

Gains and losses on foreign currency relate primarily to movements in the Canadian dollar Dollar (“CAD”) relative to the U.S. dollar Dollar (“USD”). During the thirteen weeks ended September 30, 2023 March 30, 2024, the U.S. dollar USD strengthened against the Canadian dollar CAD resulting in remeasurement losses of $7.7 million $6.8 million arising primarily on USD-denominated debt held by one of our Canadian entities, which was primarily offset by $7.5 million $5.9 million in gains on derivative instruments that we use used to manage foreign currency the USD – CAD exchange rate risk. The $31.7 million loss on foreign currency remeasurement during During the thirteen weeks ended October 1, 2022 resulted primarily from the strengthening of the U.S. dollar against the Canadian dollar. The April 1, 2023, we did not experience any material gains on our or losses related to foreign currency derivative instruments of $13.3 million partially offset the remeasurement loss during the thirteen weeks ended October 1, 2022. movements.

Other (expense) income, expense, net

The following table presents other (expense) income, net: expense, net:

(in thousands)	Thirteen Weeks Ended September 30, 2023	Thirteen Weeks Ended October 1, 2022	$ Change	% Change
Other (expense) income, net	$ (45)	$ 154	$ (199)	n/m

(in thousands)	Thirteen Weeks Ended March 30, 2024	Thirteen Weeks Ended April 1, 2023	$ Change	% Change
Other expense, net	$ (106)	$ (216)	$ 110	n/m

n/m – not meaningful

We did not incur material amounts of miscellaneous income or expenses during either the thirteen weeks ended September 30, 2023 March 30, 2024 or the thirteen weeks ended October 1, 2022 April 1, 2023.

Loss on extinguishment of debt

The following table presents loss on extinguishment of debt:

(in thousands)	Thirteen Weeks Ended September 30, 2023	Thirteen Weeks Ended October 1, 2022	$ Change	% Change
Loss on extinguishment of debt	$ (10,615)	$ —	$ (10,615)	n/m

n/m – not meaningful

(in thousands)	Thirteen Weeks Ended March 30, 2024	Thirteen Weeks Ended April 1, 2023	$ Change	% Change
Loss on extinguishment of debt	$ (4,088)	$ (6,011)	$ 1,923	(32.0)%

We used During the net proceeds fromthirteen weeks ended March 30, 2024, loss on extinguishment of debt of $4.1 million comprised $0.7 million associated with the repricing of outstanding borrowings under our IPO Term Loan Facility on January 30, 2024 and cash on our balance sheet to redeem $55.0 $3.4 million associated with the redemption of $49.5 million aggregate principal amount of Senior Secured Notes and to repay on March 4, 2024.

$252.4 million aggregate principal amount In connection with the issuance of the Senior Secured Notes on February 6, 2023, we repaid $233.4 million of outstanding

borrowings under the Term Loan Facility, resulting which resulted in a loss on debt extinguishment of $10.6 million $6.0 million during the thirteen weeks ended September 30, 2023 April 1, 2023.

Income tax expense benefit

The following table presents income tax expense: benefit:

Thirteen Weeks Ended

Thirteen Weeks Ended

(in thousands)	(in thousands)	September 30, 2023	October 1, 2022	$ Change	% Change
Income tax expense		$ 6,394	$15,511	$(9,117)	(58.8)%

(in thousands)		March 30, 2024	April 1, 2023	$ Change	% Change
(in thousands)					
Income tax benefit	Income tax benefit	$ (4,492)	$ (3,437)	$ (1,055)	30.7 %

During the thirteen weeks ended September 30, 2023 March 30, 2024, we recorded an income tax expense benefit of $6.4 million $4.5 million on loss before income taxes of $9.2 million $5.0 million, resulting in an effective tax rate of (69.4)% 90.6%. For the thirteen weeks ended October 1, 2022 April 1, 2023, we recorded $15.5 million $3.4 million of income tax expense benefit on income loss before income taxes of $31.0 million $13.6 million, resulting in an effective income tax rate of 50.0% 25.2%. The increase in our effective income tax rate resulted primarily from a decrease in net income smaller loss before taxes and an increase a decrease to the deduction in the valuation allowances, a decrease to non-deductible interest expense, an increase to non-deductible stock-based compensation and executive compensation under Internal Revenue Code Section 162(m), and an increase in excess tax benefits related to stock option exercises, and a decrease in Global Intangible Low Taxed Income ("GILTI"), partially offset by with a corresponding decrease to Foreign Derived Intangible Income ("FDII") deductions and foreign tax credits. Executive compensation deduction limitations under Section 162(m) are imposed on publicly held corporations and therefore did not apply to the Company prior to 2023. completion of its IPO on July 3, 2023.

Segment results

The following table presents net sales and profit by segment:

	Thirteen Weeks Ended			
(in thousands)	September 30, 2023	October 1, 2022	$ Change	% Change
Net sales:				
U.S. Retail	$200,127	$193,128	$ 6,999	3.6 %
Canada Retail	163,518	156,572	6,946	4.4
Other	29,053	28,592	461	1.6
Total net sales	$392,698	$378,292	$14,406	3.8 %
Segment Profit:				
U.S. Retail	$ 52,262	$ 49,399	$ 2,863	5.8 %

	Thirteen Weeks Ended			
(in thousands)				
(in thousands)	March 30, 2024	April 1, 2023	$ Change	% Change
Net sales:				
U.S. Retail				
U.S. Retail				
U.S. Retail	$ 192,580	$184,021	$8,559	4.7 %
Canada Retail				
Total net sales	$354,172	$345,684	$ 8,488	2.5 %
Segment Profit:				
U.S. Retail				
U.S. Retail	$ 41,791	$ 42,484	$ (693)	(1.6) %

Canada Retail	Canada Retail	$ 56,404	$ 52,161	$ 4,243	8.1 %	Canada Retail	$ 35,530	$	$ 33,968	$	$ 1,562	4.6	4.6 %
Other	Other	$ 10,061	$ 10,426	$ (365)	(3.5)%	Other	$ 8,485	$	$ 9,562	$	$(1,077)	(11.3)	(11.3)%

U.S. Retail

U.S. Retail net sales increased by $7.0 million $8.6 million, or 3.6% 4.7%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The increase in U.S. Retail net sales resulted primarily from comparable store sales growth of 3.3% 2.3% and a 2.0% increase in the number of stores year over year. The increase in comparable store sales was primarily driven by growth an increase in transactions. average basket size and transaction count.

U.S. Retail segment profit increased decreased by $2.9 million $0.7 million, or 5.8% 1.6%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The increase decrease in segment profit resulted primarily from higher net sales, partially offset by higher wages and an increase in selling, general and administrative expenses which includes occupancy and general store expenses. cost of merchandise sold as a percentage of net sales.

Canada Retail

Canada Retail net sales increased by $6.9 million $0.8 million, or 4.4% 0.6%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to the thirteen weeks ended October 1, 2022 April 1, 2023. The increase in Canada Retail net sales resulted primarily from comparable store sales growth of 4.3% and a 4.7% net 3.9% increase in the number of stores year over year, partially offset by the unfavorable impact a comparable store sales decline of foreign currency. 2.6%. The increase decrease in comparable store sales was primarily driven by growth a decline in transactions. transaction count. The impact of foreign currency was de minimis during the thirteen weeks ended March 30, 2024.

Canada Retail segment profit increased by $4.2 million $1.6 million, or 8.1% 4.6%, during the thirteen weeks ended September 30, 2023 March 30, 2024, compared to thirteen weeks ended October 1, 2022 April 1, 2023. The increase in segment profit resulted primarily from higher net sales a decrease in rent and enhanced efficiencies at our stores utilities, as a result of the rollout of self-checkout kiosks in our Canada retail stores, well as repair and maintenance expense, partially offset by higher wages, the unfavorable impact of foreign currency and an increase in selling, general and administrative expenses which includes occupancy and general store expenses. cost of merchandise sold as a percentage of net sales.

Other

Other includes our Australian retail stores and our wholesale operations. operations. Net sales and segment profit for our other business were relatively consistent for both decreased $0.9 million and $1.1 million, respectively, during the thirteen weeks ended September 30, 2023 and the thirteen weeks ended October 1, 2022.

Thirty-Nine Weeks Ended September 30, 2023 compared to the Thirty-Nine Weeks Ended October 1, 2022

Net sales

The following table presents net sales:

	Thirty-Nine Weeks Ended			
(in thousands)	September 30, 2023	October 1, 2022	$ Change	% Change
Retail sales	$ 1,061,831	$ 1,015,682	$ 46,149	4.5 %
Wholesale sales	55,653	54,745	908	1.7
Total net sales	$ 1,117,484	$ 1,070,427	$ 47,057	4.4 %

Retail sales increased by $46.1 million, or 4.5%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in net sales resulted primarily from comparable store sales growth of 5.4% and a 3.9% net increase in the number of stores year over year, partially offset by the unfavorable impact of foreign currency during the thirty-nine weeks ended September 30, 2023.

Wholesale sales increased by $0.9 million, or 1.7%, during the thirty-nine weeks ended September 30, 2023 March 30, 2024. The increase resulted primarily from an increase in prices charged to our wholesale customers.

Cost of merchandise sold, exclusive of depreciation and amortization

The following table presents cost of merchandise sold, exclusive of depreciation and amortization:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Cost of merchandise sold, exclusive of depreciation and amortization	$ 458,950	$ 443,372	$ 15,578	3.5 %

Cost of merchandise sold increased by $15.6 million, or 3.5%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022.

As a percentage of net sales, cost of merchandise sold decreased to 41.1% during the thirty-nine weeks ended September 30, 2023, compared to 41.4% during the thirty-nine weeks ended October 1, 2022. The decrease primarily resulted from the scaling of our business, partially offset by higher labor costs.

Personnel costs classified within cost of merchandise sold increased to $275.1 million during the thirty-nine weeks ended September 30, 2023, compared to $257.5 million during the thirty-nine weeks ended October 1, 2022. The increase in personnel costs resulted primarily from higher wages, increased labor to support transaction growth and an increase in the number of stores from 309 stores as of October 1, 2022 to 321 stores as of September 30, 2023.

Salaries, wages and benefits

The following table presents salaries, wages and benefits expense:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Retail and wholesale	$ 145,190	$ 148,066	$ (2,876)	(1.9)%
Corporate	130,898	51,577	79,321	153.8
Total salaries, wages and benefits	$ 276,088	$ 199,643	$ 76,445	38.3 %

Salaries, wages and benefits expense increased by $76.4 million, or 38.3%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022.

Personnel costs for our retail and wholesale operations decreased by $2.9 million, or 1.9%, primarily from the rollout of self-checkout kiosks in our U.S. and Canada stores, partially offset by higher wage rates and 12 net new stores since October 1, 2022.

Personnel costs for our corporate employees increased by $79.3 million, or 153.8%. The increase resulted primarily from the recognition of $48.3 million of stock-based compensation expense in connection with our IPO and a special one-time bonus and related taxes of $24.1 million paid to certain of our employees and directors participating in our management equity incentive plan, which we paid in connection with the Notes Offering. The remaining increase primarily reflects increased headcount and wage rates year over year.

Upon completion of our IPO on July 3, 2023, we commenced recognition of stock-based compensation for our performance-based options as the underlying performance-based condition was satisfied. During the thirty-nine weeks ended September 30, 2023, we recognized $28.0 million of expense related to performance-based options that vested upon completion of our IPO and $19.2 million of expense related to amortization of the remaining outstanding performance-based options that are recognized on a graded vesting basis over their expected vesting period. The thirty-nine weeks ended September 30, 2023 further includes $1.1 million of expense related to the amortization of restricted stock units granted in connection with our IPO that vest in equal installments over a one-year or three-year period from the date of grant.

Selling, general and administrative

The following table presents SG&A:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Rent and utilities	$ 132,802	$ 132,812	$ (10)	— %

Repairs and maintenance	26,443	24,144	2,299	9.5
Supplies	12,884	14,721	(1,837)	(12.5)
Professional service fees	10,211	13,854	(3,643)	(26.3)
Marketing	7,482	8,151	(669)	(8.2)
Other expenses	42,558	33,554	9,004	26.8
Total selling, general and administrative	$ 232,380	$ 227,236	$ 5,144	2.3 %

SG&A increased by $5.1 million, or 2.3%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in SG&A resulted primarily from a $9.0 million increase in other expenses which includes general corporate and store expenses such as insurance and information technology, as well as loss on disposal of property and equipment, and an increase of $2.3 million in repairs and maintenance primarily reflecting continued enhancements at our stores. These increases were partially offset by a $3.6 million decrease in professional service fees primarily reflecting lower transaction costs and third-party consulting fees.

Depreciation and amortization

The following table presents depreciation and amortization expense:

	Thirty-Nine Weeks Ended			
(in thousands)	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**
Depreciation and amortization	$ 45,088	$ 40,110	$ 4,978	12.4 %

Depreciation and amortization during the thirty-nine weeks ended September 30, 2023, increased by $5.0 million, or 12.4%, compared to the thirty-nine weeks ended October 1, 2022. The increase in depreciation and amortization resulted primarily investments in our store build-outs, CPCs, ABPs and store enhancement initiatives, as well as capital expenditures related to capital maintenance.

Interest expense, net

The following table presents interest expense, net:

	Thirty-Nine Weeks Ended			
(in thousands)	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**
Interest expense, net	$ (74,365)	$ (43,259)	$ (31,106)	71.9 %
Amortization of debt issuance cost and debt discount	(4,631)	(2,974)	(1,657)	55.7
Gain on interest rate swaps	8,084	378	7,706	n/m
Total interest expense, net	$ (70,912)	$ (45,855)	$ (25,057)	54.6 %

n/m – not meaningful

Total interest expense, net increased during the thirty-nine weeks ended September 30, 2023 by $25.1 million, or 54.6%, compared to the thirty-nine weeks ended October 1, 2022. The increase in interest expense, net resulted primarily from higher interest rates on our variable rate borrowings and the issuance of $550.0 million of Senior Secured Notes on February 6, 2023 at a fixed interest rate of 9.75%, partially offset by principal repayments on our Term Loan Facility ($233.4 million on February 6, 2023, and $252.4 million on July 5, 2023) and Senior Secured Notes ($55.0 million on July 3, 2023). The weighted average face value of debt during the thirty-nine weeks ended September 30, 2023 was $986.8 million and the weighted average interest rate was 10.18%, compared to $820.8 million and 6.85%, respectively, for the thirty-nine weeks ended October 1, 2022.

As short-term interest rates were higher during the thirty-nine weeks ended September 30, 2023 than in the comparative period, gains on our interest rate swaps increased $7.7 million during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022.

Gain (loss) on foreign currency, net

The following table presents gain (loss) on foreign currency, net:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Gain (loss) on foreign currency remeasurement	$ 2,718	$ (41,020)	$ 43,738	(106.6)%
Gain on derivative instruments	2,869	14,381	(11,512)	(80.1)
Total gain (loss) on foreign currency, net	$ 5,587	$ (26,639)	$ 32,226	(121.0)%

Gains and losses on foreign currency relate primarily to movements in the Canadian dollar ("CAD") relative to the U.S. dollar ("USD"). Although the U.S. dollar strengthened marginally against the Canadian dollar during the thirty-nine weeks ended September 30, 2023, remeasurement gains recorded in the twenty-six weeks ended July 1, 2023, more than offset remeasurement losses recorded in the thirteen weeks ended September 30, 2023. This dynamic reflects the repayments of principal totaling $269.2 million that we have made during the thirty-nine weeks ended September 30, 2023 on our USD-denominated debt held by one of our Canadian entities - which is the primary driver of foreign currency remeasurement gains and losses. We also recorded $2.9 million in gains on derivative instruments thatwe use to manage foreign currency exchange rate risk. The $41.0 million loss on foreign currency remeasurement during the thirty-nine weeks ended October 1, 2022 resulted primarily from the strengthening of the U.S. dollar against the Canadian dollar; the gains on our foreign currency derivative instruments of $14.4 million partially offset the remeasurement loss.

Other income, net

The following table presents other income, net:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Other income, net	$ 173	$ 209	$ (36)	(17.2)%

We did not incur material amounts of miscellaneous income or expenses during either the thirty-nine weeks ended September 30, 2023 or the thirty-nine weeks ended October 1, 2022.

Loss on extinguishment of debt

The following table presents loss on extinguishment of debt:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Loss on extinguishment of debt	$ (16,626)	$ (1,023)	$ (15,603)	n/m

In connection with the Notes Offering on February 6, 2023, we prepaid $233.4 million of outstanding borrowings under the Term Loan Facility, which resulted in a loss on debt extinguishment of $6.0 million during the thirty-nine weeks ended September 30, 2023.

In connection with our IPO, we used the net proceeds and cash on our balance sheet to redeem $55.0 million aggregate principal amount of Notes and to repay $252.4 million aggregate principal amount of outstanding borrowings under the Term Loan Facility, resulting in a loss on debt extinguishment of $10.6 million during the thirty-nine weeks ended September 30, 2023.

We repaid a mortgage loan payable, which had a remaining principal of $2.7 million during the thirty-nine weeks ended October 1, 2022, resulting in a loss on extinguishment of debt of $1.0 million.

Income tax expense

The following table presents income tax expense:

(in thousands)	Thirty-Nine Weeks Ended September 30, 2023	Thirty-Nine Weeks Ended October 1, 2022	$ Change	% Change
Income tax expense	$ 13,957	$ 28,472	$ (14,515)	(51.0)%

During the thirty-nine weeks ended September 30, 2023, we recorded income tax expenseof $14.0 million on income before income taxes of $23.2 million, resulting in an effective tax rate of 60.2%. For the thirty-nine weeks ended October 1, 2022, we recorded $28.5 million of income tax expense on income before income taxes of $86.8 million, resulting in an effective income tax rate of 32.8%. The increase in our effective income tax rate resulted primarily from an increase in state income taxes, an increase to the reduction in the valuation allowances, a decrease to non-deductible acquisition costs, a decrease in Global Intangible Low Taxed Income ("GILTI"), an increase to Foreign Derived Intangible Income ("FDII") deductions, and an increase to non-deductible stock-based compensation and executive compensation under Internal Revenue Code Section 162(m). Executive compensation deduction limitations under Section 162(m) are imposed on publicly held corporations and therefore did not apply prior to 2023.

Segment results

The following table presents net sales and profit by segment:

	Thirty-Nine Weeks Ended			
(in thousands)	September 30, 2023	October 1, 2022	$ Change	% Change
Net sales:				
U.S. Retail	$ 580,648	$ 555,350	$ 25,298	4.6 %
Canada Retail	450,280	434,433	15,847	3.6
Other	86,556	80,644	5,912	7.3
Total net sales	$ 1,117,484	$ 1,070,427	$ 47,057	4.4 %
Segment Profit:				
U.S. Retail	$ 147,062	$ 137,003	$ 10,059	7.3 %
Canada Retail	$ 140,888	$ 128,246	$ 12,642	9.9 %
Other	$ 29,913	$ 26,520	$ 3,393	12.8 %

U.S. Retail

U.S. Retail net sales increased by $25.3 million, or 4.6%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in net sales resulted primarily from comparable store sales growth of 4.8% and a 2.0% increase in the number of retail stores year over year. The increase in comparable store sales was primarily driven by growth in transaction volume.

U.S. Retail segment profit increased by $10.1 million, or 7.3%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in segment profit resulted primarily from higher net sales and enhanced efficiencies at our stores driven by the rollout of self-checkout kiosks in U.S. retail stores, partially offset by higher wages and an increase in selling, general and administrative expenses which includes occupancy and general store expenses.

Canada Retail

Canada Retail net sales increased by $15.8 million, or 3.6%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in net sales resulted primarily from comparable store sales growth of 6.1% and a 4.7% net increase in the number of retail stores year over year, partially offset by the unfavorable impact of foreign currency. The increase in comparable store sales was primarily driven by growth in transaction volume.

Canada Retail segment profit increased by $12.6 million, or 9.9%, during the thirty-nine weeks ended September 30, 2023, compared to thirty-nine weeks ended October 1, 2022. The increase in segment profit resulted primarily from higher net sales and enhanced efficiencies at our stores driven by the rollout of self-checkout kiosks in our Canada retail stores, partially offset by higher wages and an increase in selling, general and administrative expenses which includes occupancy and general store expenses.

Other

Other net sales include our Australian retail stores and our wholesale operations. Net sales for our other businesses increased by $5.9 million, or 7.3%, during the thirty-nine weeks ended September 30, 2023, compared to the thirty-nine weeks ended October 1, 2022. The increase in net sales resulted primarily from a $5.0 million increase in net sales for our Australian stores. Segment profit for our other businesses increased by $3.4 million, or 12.8%.

Non-GAAP measures Financial Measures

The Company reports its financial results in accordance with GAAP. We also present the following information provides non-GAAP financial measures: Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and Constant-currency net sales. In the discussion that follows, we provide definitions and reconciliations of the these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP. We present Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and constant-currency net sales, which are non-GAAP financial measures. These measures are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe the presentation of these non-GAAP financial measures is helpful in highlighting trends in

our operating results because it excludes the impact of items that are outside the control of management or not reflective of our ongoing operations and performance. GAAP. We have provided this non-GAAP financial information, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in this registration statement Quarterly Report that are calculated and presented in accordance with GAAP. Such These non-GAAP financial measures should not be considered superior to, as a substitute for, or an alternative to, and should be considered in conjunction with, the GAAP financial measures presented elsewhere in this registration statement. The Quarterly Report. These non-GAAP financial measures may differ from, and therefore may not be directly comparable to, similarly-titled measures used by other companies.

Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin

The Company reports its financial results in accordance with GAAP. Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. We have included these non-GAAP financial measures as these are key measures used by our management and our board of directors to evaluate our operating performance and the effectiveness of our business strategies, make budgeting decisions, and evaluate compensation decisions. Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. There are limitations to using non-GAAP financial measures, including those amounts presented in accordance with our definitions of Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin, as they may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin in the same manner. Because of these limitations, you should consider Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, including, as applicable, net income and our other GAAP results. We present Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin because we consider these meaningful measures to share with investors because they They also best allow comparison of the performance of one period with that of another period. In addition, Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin afford investors a view of what management considers its operating performance to be and the ability to make a more informed assessment of such operating performance as compared with that of the prior period.

Adjusted Adjusted net income is defined defined as net (loss) income loss excluding the impact of loss on extinguishment of debt, non-recurring IPO-related stock-based compensation expense, transaction costs, dividend-related bonus, loss (gain) on foreign currency, net, certain other expenses, and adjustments, the tax effect on the above adjustments. adjustments, and the excess tax benefit from stock option exercises. We define Adjusted net income per diluted share as Adjusted net income divided by diluted weighted average common shares outstanding.

We define Adjusted EBITDA as net (loss) income before loss excluding the impact of interest expense, net, income Income tax expense, and benefit, depreciation and amortization, adjusted to exclude loss on extinguishment of debt, stock-based compensation expense, non-cash occupancy-related costs, lease intangible asset expense, pre-opening expenses, store closing expenses, executive transition costs, transaction costs, dividend-related bonus, loss (gain) on foreign currency, net, and certain other adjustments. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales.

sales, expressed as a percentage.

A reconciliation of GAAP net (loss) income loss and GAAP net (loss) income loss per diluted share to Adjusted net income and Adjusted net income per diluted share for the thirteen and thirty-nine weeks ended September 30, 2023 and October 1, 2022, is presented in the table below:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(in thousands, except per share amounts)	**September 30, 2023**	**October 1, 2022**	**September 30, 2023**	**October 1, 2022**
Net (loss) income:				
Net (loss) income	$ (15,612)	$ 15,497	$ 9,243	$ 58,286
Loss on extinguishment of debt(1)(2)	10,615	—	16,626	1,023
Non-recurring stock-based compensation expense(1)(3)	48,298	—	48,324	—
Transaction costs(1)(4)	613	3,126	2,333	4,306
Dividend-related bonus(1)(5)	—	—	24,097	—
Loss (gain) on foreign currency, net(1)	195	18,371	(5,587)	26,639
Other adjustments(1)(6)	(381)	(324)	(845)	3,032
Tax effect on adjustments	(17,209)	(6,733)	(24,635)	(11,130)
Adjusted net income	$ 26,519	$ 29,937	$ 69,556	$ 82,156
Net (loss) income per share - diluted:				
Net (loss) income per diluted share	$ (0.10)	$ 0.11	$ 0.06	$ 0.40
Loss on extinguishment of debt(1)(2)	0.06	—	0.11	0.01
Non-recurring stock-based compensation expense(1)(3)	0.29	—	0.32	—
Transaction costs(1)(4)	—	0.02	0.02	0.03
Dividend-related bonus(1)(5)	—	—	0.16	—
Loss (gain) on foreign currency, net(1)	—	0.13	(0.04)	0.18
Other adjustments(1)(6)	—	—	(0.01)	0.02
Tax effect on adjustments	(0.10)	(0.05)	(0.16)	(0.08)
Adjusted net income per diluted share*	$ 0.16	$ 0.20	$ 0.45	$ 0.56

May not foot due to rounding

	Thirteen Weeks Ended	
(in thousands, except per share amounts)	**March 30, 2024**	**April 1, 2023**
Net loss:		
Net loss	$ (467)	$ (10,195)
Loss on extinguishment of debt(1)(2)	4,088	6,011
IPO-related stock-based compensation expense(1)(3)	17,993	—
Transaction costs(1)(4)	2,257	940
Dividend-related bonus(1)(5)	—	24,097
Loss (gain) on foreign currency, net(1)	956	(1,295)
Other adjustments(1)(6)	2	(634)
Tax effect on adjustments(7)	(7,938)	(8,444)
Excess tax benefit from stock option exercises	(3,028)	—
Adjusted net income	$ 13,863	$ 10,480
Net loss per share - diluted(8):		
Net loss per diluted share	$ (0.00)	$ (0.07)
Loss on extinguishment of debt(1)(2)	0.02	0.04

IPO-related stock-based compensation expense(1)(3)	0.11	—
Transaction costs(1)(4)	0.01	0.01
Dividend-related bonus(1)(5)	—	0.16
Loss (gain) on foreign currency, net(1)	0.01	(0.01)
Other adjustments(1)(6)	—	—
Tax effect on adjustments(7)	(0.05)	(0.06)
Excess tax benefit from stock option exercises	(0.02)	—
Adjusted net income per diluted share	$ 0.08	$ 0.07

(1) Presented pre-tax.

(2) Removes the effects of the loss on extinguishment of debt extinguishment in relation to the repricing of outstanding borrowings under the Term Loan Facility on January 30, 2024, the partial redemption of our Senior Secured Notes on March 4, 2024, and the partial repayment of outstanding borrowings under the Term Loan Facility on February 6, 2023 and July 5, 2023, the redemption of aggregate principal amount of the Senior Secured Notes on July 3, 2023, and the repayment of a mortgage loan on January 6, 2022.

(3) Reflects the commencement of stock-based compensation expense upon for performance-based options triggered by completion of our IPO on July 3, 2023 related to performance-based options. Non-recurring stock-based compensation expense further includes and expense related to restricted stock units issued in connection with the Company's IPO.

(4) Transaction costs are comprised of non-capitalizable expenses related to offering costs, debt transactions and the 2nd Ave. acquisition, such as accounting, consulting and legal fees. acquisitions.

(5) Represents dividend-related bonus and related payroll taxes paid in conjunction with our February 2023 dividend.

(6) Other adjustments include the effect of asset disposals. The thirteen and thirty-nine weeks ended September 30, 2023 further April 1, 2023 includes legal and insurance settlement proceeds of $0.4 million $0.5 million.

(7) Tax effect on adjustments is calculated based on the forecasted effective tax rate for the fiscal year.

(8) For the thirteen weeks ended March 30, 2024 and $0.9 million April 1, 2023, respectively. Adjusted net income per diluted share includes 6,782 and 4,644 of potential shares of common stock, respectively, relating to awards of stock options and restricted stock units that were excluded from the calculation of GAAP diluted net loss per share as their inclusion would have had an antidilutive effect.

A reconciliation of GAAP net (loss) income loss to Adjusted EBITDA for the thirteen and thirty-nine weeks ended September 30, 2023 March 30, 2024 and October 1, 2022 April 1, 2023 is presented in the table below:

	Thirteen Weeks Ended
	Thirteen Weeks Ended
	Thirteen Weeks Ended
(dollars in thousands)	
(dollars in thousands)	
(dollars in thousands)	
Net loss	
Net loss	
Net loss	
Interest expense, net	
Interest expense, net	

Interest expense, net
Income tax benefit
Income tax benefit
Income tax benefit
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Loss on extinguishment of debt(1)
Loss on extinguishment of debt(1)
Loss on extinguishment of debt(1)
Stock-based compensation expense(2)
Stock-based compensation expense(2)
Stock-based compensation expense(2)
Non-cash occupancy-related costs(3)
Non-cash occupancy-related costs(3)
Non-cash occupancy-related costs(3)
Lease intangible asset expense(4)
Lease intangible asset expense(4)
Lease intangible asset expense(4)
Pre-opening expenses(5)
Pre-opening expenses(5)
Pre-opening expenses(5)
Store closing expenses(6)
Store closing expenses(6)
Store closing expenses(6)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(dollars in thousands)	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net (loss) income	$ (15,612)	$ 15,497	$ 9,243	$ 58,286
Interest expense, net	18,708	16,454	70,912	45,855
Income tax expense	6,394	15,511	13,957	28,472
Depreciation and amortization	15,911	13,418	45,088	40,110
Loss on extinguishment of debt(1)	10,615	—	16,626	1,023
Stock-based compensation expense(2)	49,113	799	50,970	1,081
Non-cash occupancy-related costs(3)	1,654	(888)	3,065	623
Lease intangible asset expense(4)	1,001	1,424	3,154	6,507
Pre-opening expenses(5)	2,635	1,088	5,227	3,708
Store closing expenses(6)	164	1,133	1,031	1,794
Executive transition costs(7)	—	—	—	1,124
Transaction costs(7)				
Transaction costs(8)	613	3,126	2,333	4,306
Dividend-related bonus(9)	—	—	24,097	—

Transaction costs(7)					
Transaction costs(7)					
Dividend-related bonus(8)					
Dividend-related bonus(8)					
Dividend-related bonus(8)					
Loss (gain) on foreign currency, net	Loss (gain) on foreign currency, net	195	18,371	(5,587)	26,639
Other adjustments(10)		(381)	(324)	(845)	3,032
Loss (gain) on foreign currency, net					
Loss (gain) on foreign currency, net					
Other adjustments(9)					
Other adjustments(9)					
Other adjustments(9)					
Adjusted EBITDA	Adjusted EBITDA	$ 91,010	$ 85,609	$ 239,271	$ 222,560
Net (loss) income margin		(4.0)%	4.1%	0.8%	5.4%
Adjusted EBITDA					
Adjusted EBITDA					
Net loss margin					
Net loss margin					
Net loss margin					
Adjusted EBITDA margin	Adjusted EBITDA margin	23.2%	22.6%	21.4%	20.8%
Adjusted EBITDA margin					
Adjusted EBITDA margin					

(1) Removes the effects of the loss on extinguishment of debt extinguishment in relation to the repricing of outstanding borrowings under the Term Loan Facility on January 30, 2024, the partial redemption of our Senior Secured Notes on March 4, 2024, and the partial repayment of outstanding borrowings under the Term Loan Facility on February 6, 2023 and July 5, 2023, the redemption of aggregate principal amount of the Senior Secured Notes on July 3, 2023, and the repayment of a mortgage loan on January 6, 2022.

(2) Represents non-cash stock-based compensation expense related to stock options and restricted stock units granted to certain of our employees and directors.

(3) Represents the difference between cash and straight-line lease expense.

(4) Represents lease expense associated with acquired lease intangibles. Prior to the adoption of Topic 842, this expense was included within depreciation and amortization.

(5) Pre-opening expenses include expenses incurred in the preparation and opening of new stores and processing locations, such as payroll, training, travel, occupancy and supplies.

(6) Costs associated with the closing of certain retail locations, including lease termination costs, amounts paid to third parties for rent reduction negotiations, and fees paid to landlords for store closings.

(7) Represents severance costs associated with executive leadership changes and the 2nd Ave. acquisition.

(8) Transaction costs are comprised of non-capitalizable expenses related to offering costs, debt transactions and the 2nd Ave. acquisition, such as accounting, consulting and legal fees. acquisitions.

(9) (8) Represents dividend-related bonus and related taxes paid in conjunction with our February 2023 dividend.

(10) (9) Other adjustments include the effect of asset disposals. The thirteen and thirty-nine weeks ended September 30, 2023 further April 1, 2023 includes legal and insurance settlement proceeds of $0.4 million and $0.9 million, respectively. $0.5 million.

Constant Currency

The Company reports certain operating results on a constant-currency basis in order to facilitate period-to-period comparisons of its results without regard to the impact of fluctuating foreign currency exchange rates. The term foreign currency exchange rates refer refers to the exchange rates used to translate the Company's operating results for all countries where the functional currency is not the U.S. Dollar into U.S. Dollars. Because the Company is a global company, foreign currency exchange rates used for translation may have a significant effect on its reported results. In general, given the Company's significant operations in Canada, the Company's financial results are affected positively by a weaker weakening of the U.S.

Dollar against the Canadian Dollar and are affected negatively by a stronger strengthening of the U.S. Dollar against the Canadian Dollar. References to operating results on a constant-currency basis mean operating results without the impact of foreign currency exchange rate fluctuations.

The Company believes disclosure of constant-currency results net sales is helpful to investors because it facilitates period-to-period comparisons of its results by increasing the transparency of its underlying performance by excluding the impact of fluctuating foreign currency exchange rates. However, constant-currency results are non-GAAP financial measures and are not meant to be considered as an alternative or substitute for comparable measures prepared in accordance with GAAP. Constant-currency results have no standardized meaning prescribed by GAAP, are not prepared under any comprehensive set of accounting rules or principles and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. Constant-currency results have limitations in their usefulness to investors and may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies.

Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. During both the thirteen and thirty-nine weeks ended September 30, 2023 March 30, 2024, as compared to the thirteen and thirty-nine weeks ended October 1, 2022 April 1, 2023, the U.S. dollar was weaker relative to the Canadian Dollar but stronger relative to the Canadian and Australian dollars Dollar which overall resulted in an unfavorable a favorable foreign currency impact on our operating results.

The Company calculates constant-currency net sales by translating current-period net sales using the average exchange rates from the comparative prior period rather than the actual average exchange rates in effect.

A reconciliation of GAAP net sales to constant-currency net sales for the thirteen and thirty-nine weeks ended September 30, 2023 and October 1, 2022 is presented in the table below:

	Thirteen Weeks Ended			
(dollars in thousands)	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**
Net sales	$ 392,698	$ 378,292	$ 14,406	3.8 %
Impact of foreign currency	4,672	n/a	4,672	n/m
Constant-currency net sales	$ 397,370	$ 378,292	$ 19,078	5.0 %

		Thirty-Nine Weeks Ended					Thirteen Weeks Ended			
(dollars in thousands)										
(dollars in thousands)										
(dollars in thousands)	*(dollars in thousands)*	**September 30, 2023**	**October 1, 2022**	**$ Change**	**% Change**		**March 30, 2024**	**April 1, 2023**	**$ Change**	**% Change**
Net sales	Net sales	$ 1,117,484	$ 1,070,427	$ 47,057	4.4 %	Net sales	$ 354,172	$ 345,684	$ 8,488	2.5 %

Impact of foreign currency	Impact of foreign currency	22,743	n/a	22,743	n/m	Impact of foreign currency	(20)	n/a		n/a	(20)	n/m	n/m
Constant-currency net sales	Constant-currency net sales	$1,140,227	$1,070,427	$69,800	6.5 %	Constant-currency net sales	$354,152	$	$ 345,684	$	$ 8,468	2.4	2.4 %

n/a - not applicable n/m - not meaningful

Liquidity and Capital Resources

Overview

We have historically financed our operations primarily with cash generated by operating activities and proceeds from debt issuances. These sources We funded the dividend payment of liquidity and capital have been $262.2 million during the primary means by which we funded dividend payments of $262.2 million, $69.4 million and $75.0 million in the thirty-ninethirteen weeks ended September 30, 2023 and in fiscal years 2022 and 2021, respectively. We April 1, 2023 with the issuance of debt. Although we do not anticipate paying any cash dividends in the foreseeable future. Any future, any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our current and future debt instruments, our future earnings, capital requirements, financial condition, liquidity, prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

Our primary short-term requirements for liquidity and capital are to meet general working capital needs, fund capital expenditures and to make interest payments on our debt. Our primary long-term liquidity and capital

needs relate to repaying repaying the principal balance on our loans debt and making lease payments on our retail stores and processing facilities. We may also use cash on our balance sheet, cash generated from operations or proceeds from new borrowings, or any combination of these sources of liquidity and capital, to pay for acquisitions, to fund growth initiatives, to pay down debt or to conduct repurchases of our common stock under our share repurchase program, or any combination of the foregoing. Our primary sources of liquidity and capital are cash generated from operations and proceeds from borrowings, including including borrowings on our Revolving Credit Facility.

On July 3, 2023As of March 30, 2024, we completed our IPO and shortly thereafter used the net proceeds raised of $306.0 million, together with cash on our balance sheet, $73.8 million was available to redeem $55.0 million aggregate principal amount of Senior Secured Notes, repay $252.4 million aggregate principal amount of outstanding borrowings borrow under the Term Loan Facility, pay accrued interest on these borrowings and pay a premium of 3%, or $1.7 million, on the partial redemption of our Senior Secured Notes. Revolving Credit Facility.

We believe our existing cash and cash equivalents and cash provided by our operating activities are sufficient to fund our liquidity needs for the next 12 months. We may supplement our liquidity needs with borrowings under our Revolving Credit Facility.

Senior Secured Credit Facilities

Our Senior Secured Credit Facilities are comprised of a Term Loan Facility and a Revolving Credit Facility. The Term Loan Facility matures in April 2028. The Term Loan Facility bears interest at a variable rate equalSee Note 3 to a reference rate plus a margin ranging from 4.25% to 5.50% based on loan type and our first lien net leverage ratio, plus a SOFR adjustment margin ranging from 0.11% to 0.43% based on the applicable interest rate period (one month, three months or six months). We may prepay amounts outstanding under the Term Loan Facility without a prepayment premium. The Revolving Credit Facility is senior to the Term Loan Facility in right of payment.

The Revolving Credit Facility matures in April 2026. The maximum available amount under the Revolving Credit Facility is $75.0 million with $60.0 million available unaudited interim condensed consolidated financial statements for letters of credit and a swingline sublimit of $10.0 million. As of

September 30, 2023, $73.8 million was available to borrow under the Term Loan Facility. Interest on the Revolving Credit Facility is variable at a rate equal to the reference rate plus a margin of 2.00% or 3.00% based on loan type.

The Senior Secured Credit Facilities have customary affirmative and negative covenants, including restrictions on our ability to incur additional indebtedness, incur liens, make investments, make restricted payments, make optional prepayments on junior financings, engage in transactions with affiliates and make asset sales, in each case, subject to customary exceptions and baskets.

The applicable margins under our Senior Secured Credit Facilities shown above incorporate a reduction of 0.25% per annum that became effective on June 28, 2023, the date our Registration Statement was declared effective by the U.S. Securities and Exchange Commission.

The Notes

On February 6, 2023, certain details of our wholly-owned subsidiaries completed the issuance of $550.0 million aggregate principal amount of 9.75% Senior Secured Notes due 2028 (the "Notes"). The Notes mature in April 2028, coterminous with the Term Loan Facility, and bear interest at a fixed rate of 9.75% per year, payable semi-annually on each February 15 and August 15 through maturity.

The Indenture governing the Notes contains customary affirmative and negative covenants, which are similar in scope to those in the Senior Secured Credit Facilities, although there are no financial maintenance covenants in the indenture governing the Notes.

We used the net proceeds of the Notes to (i) permanently prepay indebtedness.$233.4 million of outstanding borrowings under our Term Loan Facility, (ii) pay a dividend of $262.2 million to our equityholders, (iii) pay one-time bonuses to certain of our employees and directors who hold equity interests which were not entitled to participate in the dividend, (iv) pay certain related fees and expenses and (v) for general corporate purposes.

Share Repurchase Authorization

We announced on November 9, 2023 the authorization of a share repurchase program of up to $50.0 million of our common stock. Under the program, we may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. Although our Board of Directors has authorized the share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. In addition, the share repurchase program may be suspended, modified, or terminated at any time without prior notice. The amount, timing, and execution of our share repurchase program will be based upon a variety of factors, including the share price of our common stock, general market conditions, alternative uses for capital, our financial performance, and other considerations. Any repurchases will be funded by available cash and cash equivalents.

Cash Flows

Thirty-Nine Thirteen Weeks Ended September 30, 2023 March 30, 2024 compared to the Thirty-Nine Thirteen Weeks Ended October 1, 2022 April 1, 2023

The following table summarizes our cash flows:

		Thirty-Nine Weeks Ended				
	Thirteen Weeks Ended					Thirteen Weeks Ended
(in thousands)	*(in thousands)*	September 30, 2023	October 1, 2022	*(in thousands)*	March 30, 2024	April 1, 2023
Net cash provided by operating activities		$104,402	$117,633			
Net cash used in operating activities						
Net cash used in investing activities	Net cash used in investing activities	(75,428)	(81,398)			
Net cash used in financing activities		(16,111)	(11,462)			

Net cash (used in) provided by financing activities			
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	312	(6,774)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	$ 13,175	$ 17,999

Cash provided by Net cash used in operating activities

Net cash provided by used in operating activities was $104.4 million $5.8 million for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, resulting from net income loss of $9.2 million $0.5 million and a net decrease of $94.9 million $56.9 million related to our operating assets and liabilities, which was offset by non-cash charges of $190.1 million $51.6 million. Net cash provided by used in operating activities for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 decreased by $13.2 $9.0 million, compared to the thirty-nine thirteen weeks ended October 1, 2022 April 1, 2023.

The $13.2 $9.0 million decrease is primarily due to a $27.5 million increase in interest paid resulting from a higher weighted average face value of debt and interest rates. In addition, we paid a the $24.1 million special one-time bonus and related taxes paid in conjunction with the February 2023 dividend payment. These payments were payment during the thirteen weeks ended April 1, 2023, partially offset by favorable changes a $14.2 million increase in our working capital which includes an $11.6 million decrease in interest paid on debt during the thirteen weeks ended March 30, 2024. We also experienced additional net cash outflow outflows from operating activities related to our incentive compensation plan, and other movements in our working capital balances during the quarter, which were not individually significant.

Non-cash charges primarily consisted of $89.2 million $31.5 million of operating lease expense, $51.0 19.1 million of stock-based compensation expense, $45.1 million $18.3 million of depreciation and amortization expense, and $16.6 4.1 million loss on extinguishment of debt, which was partially offset by $12.7 million a $20.8 million benefit in deferred income taxes, net and $0.6 million of other non-cash items.

Net cash used in changes in operating assets and liabilities during the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 consisted primarily of a $84.1 million $29.3 million change in operating lease liabilities, a $14.2 million change in inventory and a $5.5 million $20.5 million change in accrued payroll and related taxes. taxes and a $6.3 million change in prepaid expenses and other current assets. The change in operating lease liabilities resulted from the payment towards our lease liabilities. The change in inventories accrued payroll and related taxes resulted primarily from the annual payment of incentive compensation to our employees. As of December 30, 2023, we accrued $24.4 million which was paid during the first quarter of fiscal year 2024. As of March 30, 2024, we accrued $3.8 million for employee incentive compensation, the majority of which we plan to pay during the first quarter of fiscal year 2025. The change in prepaid expenses and other current assets is primarily due a result of an increase in prepaid taxes.

Net cash used by operating activities was $14.8 million for the thirteen weeks ended April 1, 2023, primarily resulting from a net loss of $10.2 million and a net decrease of $44.4 million related to seasonality our operating assets and liabilities, which was offset by non-cash charges of $39.8 million.

Non-cash charges primarily consisted of $29.4 million of operating lease expense and $14.5 million of depreciation and amortization expense, partially offset by $4.1 million of other non-cash items.

Net cash used in changes in operating assets and liabilities during the timing thirteen weeks ended April 1, 2023, consisted primarily of processing. a $27.8 million decrease in operating lease liabilities and a $14.3 million decrease in accrued payroll and related taxes. The change decrease in operating lease liabilities during the thirteen weeks ended April 1, 2023 resulted from payments towards our lease liabilities. The $14.3 million decrease in accrued payroll and related taxes resulted primarily from the annual payment of incentive compensation to our employees. As of December 31, 2022, we accrued

$25.0 million which was paid during the first quarter of fiscal year 2023. As of September 30, 2023 April 1, 2023, we accrued $19.0 million $9.3 million for employee incentive compensation, the majority of which we plan to pay was paid during the first quarter of fiscal year 2024.

Net cash provided by operating activities was $117.6 million for the thirty nine weeks ended October 1, 2022, primarily resulting from net income of $58.3 million, after consideration of non-cash charges of $180.2 million and a decrease in cash provided by changes in operating assets and liabilities of $120.8 million. The decrease in net cash provided by operating activities during the first thirty nine weeks of fiscal year 2022 was driven by employee incentive compensation earned in 2021 but paid during the first 13 weeks of 2022. The increased incentive compensation was due to the improvement in the Company's operating performance during fiscal year 2021 compared to 2020, which was severely impacted by the COVID 19 pandemic. Through the first thirty nine weeks of fiscal year 2022, we paid $37.9 million of employee incentive compensation, compared to $16.5 million during the first thirty nine weeks of fiscal year 2021.

Non-cash charges during the thirty nine weeks ended October 1, 2022, primarily consisted of $86.1 million of operating lease expense, $40.1 million of depreciation and amortization, and $34.9 million of other non-cash charges. Other non-cash charges included $41.7 million of foreign currency losses and $3.9 million in losses on the retirement of property and equipment, which were partially offset by an unrealized gain of $15.2 million on our derivatives. During the thirty nine weeks ended October 1, 2022, the U.S. dollar appreciated in value relative to the Canadian dollar. As a result, we incurred foreign currency remeasurement losses on U.S. dollar-denominated borrowings held by one of our Canadian subsidiaries, which uses the Canadian dollar as its functional currency. Our unrealized gain on derivatives resulted primarily from our Canadian dollar – U.S. dollar cross currency swaps.

Net cash used in changes in operating assets and liabilities during the thirty-nine weeks ended October 1, 2022, consisted primarily of a $82.9 million decrease in operating lease liabilities, a $17.0 million decrease in accrued payroll and related taxes, a $10.0 million increase in prepaid expenses and other current assets, and a $9.2 million increase in trade and other receivables.

The $17.0 million decrease in accrued payroll and related taxes resulted primarily from the payment of incentive compensation to our employees. As of January 1, 2022, we accrued $35.3 million related to employee incentive compensation, which was subsequently paid during the thirty nine weeks ended October 1, 2022. As of October 1, 2022, we had accrued $17.7 million for employee incentive compensation, the majority of which we paid in the first thirteen weeks of fiscal year 2023. The decrease in operating lease liabilities during the thirty nine weeks ended October 1, 2022, resulted from payments toward our lease liabilities. The increase in prepaid expenses and other current assets resulted primarily from an increase in prepaid taxes and capitalized expenditures related to our IPO. The increase in trade and other receivables resulted primarily from an increase in sales volume and more favorable pricing in our wholesale operations.

Cash used in investing activities

Net cash used in investing activities was $75.4 $22.6 million for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 and $81.4 million $20.9 million for the thirty-nine thirteen weeks ended October 1, 2022 April 1, 2023. Expenditure in both periods consisted primarily of capital maintenance and investments in our store build-outs, CPCs ABPs, and store enhancement initiatives, ABPs, which are reported as purchases of property and equipment. During the thirteen weeks ended April 1, 2023, we also incurred capital expenditure on self-checkout kiosks.

Cash used in Net cash (used in) provided by financing activities

Net cash used in financing activities was $16.1 million $47.6 million for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 and $11.5 million for the thirty-nine weeks ended October 1, 2022. Net cash used in financing activities during the thirty-nine weeks ended September 30, 2023 consisted primarily of $524.9 million $51.0 million of principal payments on our long-term debt, partially offset by $3.0 million of proceeds from stock option exercises and $2.4 million from the settlement of a derivative instrument.

Net cash provided by financing activities was $16.6 million during the thirteen weeks ended April 1, 2023 and consisted primarily of $529.2 million of net proceeds from the issuance of our Senior Secured Notes, and $306.0 million of net proceeds from our IPO, partially offset by $546.4 million $235.5 million in payments towards the principal payments on of our long-term debt and the payment of $262.2 million in dividends and in connection with the issuance of our Senior Secured Notes. The Company also made a net repayment of $42.0 million on our under its Revolving Credit Facility. Facility of $12.0 million.

Net cash used in financing activities during the thirty-nine weeks ended October 1, 2022 consisted primarily of $8.9 million in payments towards the principal balance of our long-term debt.

Critical Accounting Policies and Estimates

Our unaudited interim condensed consolidated financial statements and the accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation Preparation of the our unaudited interim condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and to make various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. estimates under different assumptions or conditions. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. For more information affected. We believe that the assumptions and estimates, as set forth in our 2023 Annual Report on Form 10-K, associated with the impairment assessments of our goodwill and indefinite-lived intangible assets, income taxes and stock-based compensation have the greatest potential impact on our consolidated financial statements. Accordingly, these are the policies we believe are the most critical accounting policies, see "Management's Discussion to fully understanding and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the Prospectus. evaluating our unaudited interim condensed consolidated financial statements. There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in the Prospectus. our 2023 Annual Report on Form 10-K.

Recent Accounting Pronouncements

See "Note 2. Summary of Significant Accounting Policies", to our Notes to Interim Condensed Consolidated Financial Statements (unaudited) included in this Form 10-Q for a description of recently adopted accounting pronouncements and issued accounting pronouncements not yet adopted.

JOBS Act Accounting Election

Section 107 of the JOBS Act allows emerging growth companies to take advantage of the extended transition period for complying with new or revised accounting standards. Under Section 107, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Any decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. We have elected to use the extended transition period under the JOBS Act.

Upon completion of our IPO on July 3, 2023, the Company ceased to be an EGC under the JOBS Act. See Note 1 of our unaudited financial statements for additional details regarding our EGC status.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, we are exposed to various market risks. Our primary market risks are interest rate risk associated with our variable rate debt under our Senior Secured Credit Facilities and foreign currency exchange risk associated with our operations in Canada and Australia. We continually monitor these risks, regularly consider which risks need active management and, regularly when appropriate, develop appropriate strategies to manage them. Accordingly, targeted risk management strategies. Historically, we manage have managed our exposure to these risks changes in interest rates and foreign exchange rates through the use of derivative financial instruments with the objective of reducing potential income statement, cash flow, and market exposures arising from changes in interest rates and foreign exchange rates. exposures. We do not use derivative financial instruments solely to mitigate market exposure and not for trading or speculative purposes. Refer to "Note 6. "Note 5. Derivative Financial Instruments" Instruments" for additional information.

In April 2024, the Company terminated its interest rate swaps and cross currency swaps realizing net proceeds of $38.4 million. In light of the Company's historical and expected future de-leveraging, the cross currency swaps no longer provided meaningful benefit to the Company's leverage and equity value at risk. The interest rate swaps were opportunistically terminated as the benefit of the swaps will diminish over time as we expect to continue to pay down debt.

Interest rate risk

Changes in interest rates affect the amount of interest due on our variable rate debt. As of September 30, 2023 March 30, 2024, we had borrowings on the Term Loan Facility of $323.3 $320.3 million but but no advances under under our Revolving Credit Facility. Our variable rate debt uses Term SOFR as a reference rate and any future increases in Term SOFR will inherently result in an increase in interest expense and cash paid toward interest to the extent we are not fully hedged. interest.

We performed a sensitivity analysis to determine the effect of interest rate fluctuations on our interest expense. expense. A hypothetical 1.00% increase in Term SOFR would result in an increase to interest expense of $3.2 million over 12 months based on amounts outstanding and interest rates in effect as of September 30, 2023 March 30, 2024.

To reduce our exposure to fluctuations in interest rates, we enter have, in the past, entered into interest rate swaps. These interest rate swaps reduce have reduced our exposure to increases in interest rate movements rates and effectively convert converted a portion of our floating-rate debt to a fixed-rate basis. Based on the notional amount of Our interest rate swaps were scheduled to mature on May 31, 2025 but were terminated by the Company in effect and the amounts borrowed as of September 30, 2023, our exposure to future interest rate movements will be reduced by 85.1%.April 2024.

Foreign currency exchange risk

In addition to our U.S. businesses, business, we operate in Canada and Australia. Operations conducted entirely in each jurisdiction use that jurisdiction's currency as their functional currency and changes in foreign exchange rates affect the translation of the results of these businesses into U.S. dollars, which is Dollars ("USD"), the reporting currency of the Company Company.. For the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, approximately 45.5% 43.1% of our net sales were denominated in a currency other than the U.S. dollar. USD. For the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, a hypothetical 10% strengthening of the U.S. dollar USD to the Canadian dollar Dollar ("CAD") would decrease our net sales by $47.5 million (and $14.2 million (and vice versa). A hypothetical 10% change in the relative fair value of the U.S. dollar USD to the Australian dollar Dollar ("AUD") would not have a material impact on on our operations. We will be susceptible to fluctuations in our local currency USD compared to foreign currency CAD and AUD if we do not hedge the our exchange rate exposure. As such, we routinely enter into USD-CAD currency forwards and have, in the past, entered into cross currency swap contracts swaps to reduce our exposure to fluctuations in earnings and cash flows associated with changes in foreign the USD-CAD exchange rates. rate. Currency forwards are maintained on a rolling 12-month basis. Our cross currency swaps were scheduled to mature on May 31, 2025 but were terminated by the Company in April 2024.

At March 30, 2024, the entire $320.3 million balance on our variable rate borrowings is USD-denominated and is owed by one of our Canadian subsidiaries whose functional currency is CAD. These variable rate borrowings expose the Company to remeasurement risk. For the thirteen weeks ended March 30, 2024, a hypothetical 10% strengthening of USD to CAD would decrease net income by $32.0 million (and vice versa).

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act) as of September 30, 2023March 30, 2024. Based on the evaluation of the design and operation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2023March 30, 2024 due to certain material weaknesses in our internal control over financial reporting as described below. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weakness weaknesses in our internal control over financial reporting, the financial statements for the periods covered by and included in this Quarterly Report fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

(b) Material weaknesses in internal control over financial reporting

As a public company, we are required to maintain internal control over financial reporting in accordance with applicable rules and guidance and to report any material weaknesses in such internal control over financial reporting. Prior to our IPO, we were a private company with limited accounting personnel and other resources with which to address internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. In connection with this Quarterly Report on Form 10-Q, we identified deficiencies in our internal control over financial reporting, which in the aggregate, constitute material weaknesses related to (i) the sufficiency of technical accounting and SEC reporting expertise within our accounting and financial reporting function, (ii) the establishment and documentation of clearly defined roles within our finance and accounting functions and (iii) our ability to evidence the design and implementation of effective information technology general controls ("ITGCs") for information systems and applications that are relevant to the preparation of our financial statements.

To address these material weaknesses, we have initiated implemented a plan to hire additional qualified personnel and establish more robust processes to support our internal control over financial reporting, including the documentation of clearly defined roles and responsibilities, and the design and implementation of effective ITGCs. To date, we have hired a director of internal audit, a manager of internal audit and a director of SEC reporting. In addition, we have engaged external advisors who are providing financial accounting assistance and are assisting in evaluating the design, implementation and operating effectiveness of our system of internal control over financial reporting.

If our steps are are insufficient to successfully remediate the material weaknesses and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us, and the value of our common stock could be materially and adversely affected. We may not be able to remediate the identified material weaknesses, and additional material weaknesses or significant deficiencies in our internal control over financial reporting may be identified in the future. Effective internal control over financial reporting is necessary for us to provide reliable and timely financial reports and, together with adequate disclosure controls and procedures, are designed to reasonably detect and prevent fraud. Our failure to implement and maintain effective internal control over financial reporting, to remedy identified material weaknesses or significant deficiencies or to implement required new or improved controls could result in errors in our financial statements that could result in a restatement of our financial statements or cause us to fail to timely meet our financial and other reporting obligations.

(c) Changes in Internal Control over Financial Reporting

Other than the changes intended to remediate the material weaknesses noted above, there was no change in our internal controls over financial reporting, as defined under Rule 13a-af(f) under the Exchange Act, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 11 10 to our unaudited interim condensed consolidated financial statements included in this Form 10-Q under the heading "Commitments and Contingencies."

Item 1A. Risk Factors

Risk Factor Summary

Below is a summary of the principal factorsFactors that we believe make an investment could cause our actual results to differ materially from those in the Company speculative or risky. This summary does not address all this report are any of the risks that we face. Additional discussion of the risks summarized disclosed in this risk factor summary, and other risks that we face, can be found after this summary, and should be carefully considered, together with other information in this in this Quarterly our Annual Report on Form 10-Q and our other filings 10-K, which was filed with the Securities and Exchange Commission ("SEC") before making an investment decision.

Risks Related to Our Business and Industry

- SEC on March 8, 2024. The success There have been no material changes from the risk factors previously disclosed. Any of our business model depends these factors could result in a significant or material adverse effect on our ability to source quality secondhand items at attractive prices.
- If we do not develop and maintain our relationships with NPPs and their donors, we may not be able to obtain a sufficient volume of quality secondhand items.
- The sourcing and processing of secondhand items, especially from local communities, can be subject to fluctuating costs and can have other risks and fluctuations that could negatively impact our business.
- Our growth and performance depend on the efforts of our store and processing center team members and may be negatively affected by the labor market.
- Our ability to grow may be negatively affected by perceptions of thrift, trends in consumer discretionary spending. our operational ability to manage growth and the availability of new store locations.
- Our foreign operations require us to manage different retail and wholesale environments and compliance requirements of each jurisdiction, which introduces additional operational and financial risks.
- Natural disasters, catastrophic events (including pandemics such as COVID-19) and geopolitical events or social unrest may harm our business.
- Our success and growth is affected by our operational efficiencies, including our CPC and ABP technologies, and our ability to manage acquisitions.
- Our reputation and brands may be adversely affected by actions of wholesale customers and our ability to maintain and report on our sustainability commitments.
- Competition in the secondhand market and from sellers of new items may adversely impact our revenue, profitability, market share, and partnerships.

Risks Relating to Information Technology, Intellectual Property, Data Security and Privacy

- We could be, and have in the past been, subject to cyber-attacks or data breaches, which may require us to incur additional costs and suffer reputational harm that affects our business and financial results.
- We process significant amounts of personal information and data and operate in multiple countries and jurisdictions, many of which are implementing new or changing privacy and information security requirements. We cannot fully determine the impact of future requirements and may experience increased costs. Any failure or perceived failure to comply with requirements may result in financial or reputational harm.
- We may be unable to adequately protect our intellectual property or accused of infringing on others' intellectual property rights, and may be required to spend significant resources to defend or enforce our rights.

Risks Relating to Legal, Regulatory, Accounting and Tax Matters

- We have material weaknesses and may be unable to establish or maintain an effective system of internal control over financial reporting or maintain effective disclosure controls and procedures.
- We will incur increased expenses due to being a public company and may be exposed to a greater risk of litigation or claims, and we are obligated to indemnify our directors and officers for certain claims .
- An actual or alleged failure to comply with the number of laws, rules and regulations that we are subject to could negatively affect our growth or increase our costs.
- We may incur losses due to the payment methods we accept, including credit cards.
- Our financial condition and operating results may be negatively affected by incorrect estimates or judgments, changes in tax legislation and limited ability to utilize our net operating loss carryforwards.

Risks Relating to Our Indebtedness and Liquidity

- We have a significant amount of indebtedness which requires cash to service or repay and contain restrictive covenants.
- Our available credit under our Revolving Credit Facility, which we rely on for liquidity, is subject to significant fluctuation.
- Changes in interest rates or the ratings assigned to our debt could increase our debt service obligations or make it more difficult or expensive to obtain additional financing.

Risks Related to Ownership of Our Common Stock

- Our stock price may be volatile and decline due to factors outside our control, including sales by existing stockholders.
- Securities or industry analyst research and reports may affect our stock price and trading volume.
- Any additional issuances of our common stock may dilute our stockholders and affect our stock price.
- The only opportunity to achieve a return on your investment in our Company may be if our stock price appreciates and you sell your shares at a profit.

Risks Relating to Our Organizational Structure

- We rely on dividends and distributions from our operating subsidiaries to meet our obligations.
- We are a "controlled company" and majority owned and controlled by the Ares Funds, whose interests may conflict with us or other stockholders.
- Provisions in our Certificate of incorporation and bylaws may delay or prevent a change of control, and also contain exclusive forum provisions and renounce our interest in certain corporate opportunities.

General Risks

- We depend on our executive officers and other key employees.
- The use of certain marketing channels, such as social media and text messages, exposes us to additional risks.
- Being a public company may strain our resources, and our management has limited experience managing a public company.

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this this in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission (“SEC”), including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our unaudited interim condensed consolidated financial statements and related notes, before making a decision to invest in our common stock. Our business, results of operations or financial condition, and prospects could also be harmed by risks and uncertainties condition. Additional risk factors not currently presently known to us or that we currently do not believe to be material. If any of the risks actually occur, our business, results of operations, financial condition

and prospects could be harmed. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Relating to Our Business and Industry

If we fail to obtain a sufficient quantity of new and recurring quality secondhand items at attractive prices, our business, results of operations and financial condition could be harmed.

The quality and quantity of the supply of our secondhand items are critically important drivers of our sales generated per pound of goods processed, which we internally refer to as “sales yield.” If we are unable to achieve a favorable sales yield with a sufficient quantity of goods obtained at attractive prices, our profitability will suffer. Our business model is based on sourcing from and selling to the local community, so our business is dependent on our ability to obtain quality secondhand items at attractive prices from sources in each community we operate in.

To the extent we are required to pay higher prices to our NPPs for secondhand items, our profitability will be directly negatively affected. The pricing of secondhand items may be dependent on factors such as the volume of items donated to our NPPs (which may fluctuate due to factors outside of our control), our ability to negotiate, maintain and grow our relationships with our NPPs and competition for secondhand items from other potential purchasers of secondhand items. As a result, if we are required to pay higher prices for secondhand items, our profitability will be reduced.

Furthermore, the quality of items we receive (either directly from our NPPs or through OSDs) is critical to our sales yield and profitability. To the extent the items supplied to us are lower in quality or are worse in condition, fewer of those items may be graded in our processing centers as salable at retail; the price points they will be able to obtain may be lower; and fewer of those items may be seen as desirable by our customers and actually be sold at retail. Lower item quality could result in markdowns and other promotions in our retail stores and a greater proportion of items sold at wholesale. The sales prices we receive for items sold to our wholesale customers for reuse and repurposing are lower than those we receive for items sold at retail. As a result, lower item quality could have a material and adverse effect on our ability to generate revenue from retail sales.

Finally, to the extent we do not obtain a sufficient quantity of quality secondhand items, we will not be able to provide our customers with a sufficient quantity of items they perceive as desirable. Because many of our customers desire a treasure hunt experience at our stores, a decline in the amount of desirable items could have a negative effect on their shopping experience and could have a negative impact on the number of store visits and purchase volumes of our existing customers as well as on our ability to attract new customers.

As a result, the failure to obtain a sufficient quantity of quality items at attractive prices could negatively impact our sales yield, revenues and profitability and could have a material, adverse effect on our business, financial condition and results of operations.

Our ability to obtain a sufficient quantity of quality secondhand items at attractive prices is dependent on maintaining our strong relationships with existing NPPs, maintaining and growing OSDs and developing new relationships in the areas in which we operate.

Our ability to cost-effectively obtain quality secondhand items is dependent on maintaining strong relationships with our existing NPPs, maintaining and growing OSDs and developing relationships with new NPPs and their donors. Numerous factors, however, may impede our ability to maintain and develop relationships with NPPs and their donors with quality secondhand items. Additionally, we generally do not have long term supply agreements with our NPPs. To expand our base of secondhand items for sale and our base of NPPs, we must appeal to and engage NPPs new to selling secondhand items and individuals new to donating secondhand items to our NPPs through OSDs. We cannot be certain that these efforts will result in more supply of quality secondhand items or that these efforts will be cost-effective.

In addition, as we expand our operations, because our business model is focused locally, we will be required to expand or develop relationships with NPPs and donors who make OSDs in and around those locations. If we are unable to develop and maintain those new relationships, our ability to grow our business will be negatively impacted.

Our efforts to appeal to NPPs and donors may not result in more supply of quality secondhand items, and these efforts may not be cost-effective. Our ability to obtain new and recurring quality secondhand items from new and existing NPPs and their donors depends on a number of factors, such as our ability to enhance and improve our Community Donation Centers, NPPs' perceptions of whether payouts they are receiving are adequate, timely compensation for their items, and our reputation. Our ability to increase OSDs is dependent in large part on the convenience to donors of making a donation at one of our stores (which can be driven in large part by store location) and the quality of the donors' donation experience, including the quality and selection of the NPPs to which they can donate their items. If we are unable to meet the expectations of our NPPs and their donors and drive repeat supply, the quality and volume of the secondhand items we receive could be adversely affected.

In addition, due to economic uncertainties, governmental orders, the recent COVID-19 pandemic and other similar events or other challenges, our NPPs may be unable to obtain donated items for delivered supply or may be unable or unwilling to continue supplying secondhand items on terms or in quantities desirable to us. Furthermore, such uncertainties, restrictions or events could have a negative impact on donors' ability or willingness to make OSDs.

If we are unable to obtain a sufficient volume of quality secondhand items, our sales revenue from secondhand items would be materially and adversely affected, which would have a material, adverse effect on our business, growth prospects, results of operations and financial condition.

We are subject to risks associated with sourcing and processing of secondhand items, including processing costs and capacity, risks due to damage, loss or contamination of items, increased costs to maintain and/or develop sources of supply and risks associated with itemizing, grading, storage, transportation and other logistics.

The secondhand items we offer at retail through our stores and at wholesale in domestic and global resale markets are initially sourced through our NPPs either directly or through OSDs at our stores. As a result, we are subject to fluctuations in the price we pay for secondhand items. In addition, the cost of merchandise sold may increase due to increases in labor costs, transportation costs and costs of storage, which may be driven by market forces outside our control, such as rising inflation. Furthermore, to the extent that the volume of secondhand items we obtain in a particular locality exceeds our capacity to process or store them, our ability to generate revenue in that locality will be limited by that capacity constraint. Our business, financial condition and results of operations could be negatively impacted by these cost and capacity issues.

Furthermore, the secondhand items we receive may not be of sufficient quality or free from damage, and such secondhand items may be damaged during shipping or processing. While we conduct inspections of secondhand items in our inventory, we cannot control items while they are out of our possession or prevent all damage while in our processing facilities. For example, we may experience contamination from various sources, such as mold, bacteria, insects and other pests, in certain secondhand items provided to us. If we are unable to detect, quarantine and properly deal with such contaminants at the time such secondhand items are initially received in our stores or in our processing facilities, some or all of the other secondhand items in such facilities could be contaminated. We may incur additional expenses and our reputation could be harmed if the secondhand items we offer are damaged or contain contaminants.

We deem immaterial may also experience increased costs to attract, retain and grow relationships with our NPPs. If we are unsuccessful in establishing or maintaining our relationships with our NPPs, or if they partner with our competitors and devote greater resources to implement and support the platforms or retail items of our competitors, our ability to compete in the marketplace or to grow our revenue, could be impaired, and our results of operations may suffer.

Our business depends on our ability to attract and retain suitable workers for our stores and processing facilities and to manage labor costs, particularly given recent disruptions in the supply and cost of labor.

Our future growth and performance, positive customer experience and legal and regulatory compliance depends on our ability to attract, develop, retain and motivate a large number of highly qualified store management personnel, processing employees and team members. Our team members in our processing facilities must efficiently and accurately sort and price many of our secondhand items for sale in our stores.

Our ability to meet our labor needs, while controlling labor costs in a labor market challenged by historically high rates of employee turnover, labor shortages and rising wage rates, is subject to many external factors, including competition for and availability of qualified personnel particularly during the ongoing COVID-19 pandemic, unemployment levels, governmental regulatory bodies such as the Equal Employment Opportunity Commission and the National Labor Relations Board, prevailing wage rates in the jurisdictions in which we operate (including the heightened possibility of increased applicable minimum wage rules and regulations), the impact of wage inflation, health and other insurance costs, changes in employment and labor laws or other workplace regulations (including those relating to employee benefit programs such as health insurance and paid leave programs), our ability to maintain good relations with our team members, employee activism and our reputation and relevance within the labor market. Inflation has risen worldwide and the United States has recently experienced historically high levels of inflation. If the inflation rate continues to increase, it could also push up the costs of labor and our employee compensation expenses. Continued wage inflation could increase our operating costs, and there can be no assurance that our revenues will increase at the same rate to maintain the same level of profitability. In addition, to the extent unemployment assistance and other similar benefits are enhanced or extended by governmental agencies in the jurisdictions in which we operate (including in connection with the COVID-19 pandemic), such enhancements or extensions could have a negative effect on the supply of qualified workers.

Recently, we have incurred higher wage rates for our employees. We expect that our labor costs, including wages and employee benefits, will continue to increase. We have taken certain price increases to, among other things, address labor costs. Unless we are able to pass on these increased labor costs and other increased costs to our customers by increasing prices for our products, our profitability and results of operations may be materially and adversely affected.

We compete with other retail businesses for many of our store management personnel and sales team members in hourly and part-time positions. These positions have had historically high turnover rates, which can lead to increased training and retention costs. In addition, we compete with retail business and warehouse operations for employees in our processing facilities, which are growing quickly and competing aggressively for additional labor. If we are unable to attract and retain quality employees and other management personnel, or fail to comply with the regulations and laws impacting personnel, our operations, processing efficiency, customer service levels, legal and regulatory compliance and support functions could suffer, resulting in a material adverse effect on our business, financial condition and results of operations.

In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor and other related costs could increase. Our ability to pass along labor and other related costs to our customers is constrained by our everyday low-price model, and we may not be able to offset such increased costs elsewhere in our business.

Our continued growth depends on attracting new, and retaining existing, customers, including by increasing the acceptance of thrift among new and growing customer demographics.

To expand our customer base, we must appeal to and attract customers who do not typically purchase secondhand items, who have historically purchased only new retail items or who used other means to purchase secondhand items, such as other consignment and thrift stores or the websites of secondary marketplaces. We reach new customers through paid search, social media, influencers, advertising, other paid marketing, press coverage, retail locations, referral programs, organic word of mouth and other methods of discovery, such as converting our NPPs' donors to customers. We expect to continue investing in these and other marketing channels in the future and cannot be certain that these efforts will enable us to attract and retain more customers, result in increased purchase frequency or increased basket sizes from our customers or be cost-effective. In addition, successful growth requires us to find appropriate store locations tailored to consumer demographics in our targeted market areas. Our ability to attract and retain customers also depends on our ability to offer a broad selection of desirable and quality secondhand items in our stores, our ability to consistently provide high-quality customer experiences and our ability to promote and position our brands and stores. Our investments in marketing may not effectively reach potential customers and existing customers, potential customers or existing customers may decide not to buy through us or the spend of customers that purchase from us may not yield the intended return on investment, any of which could negatively affect our results of operations. Moreover, consumer preferences may change, and customers may not purchase through our stores as frequently or spend as much with us as historically has been the case. As a result, the revenue generated from customer transactions in the future may not be as high as the revenue generated from transactions historically. Consequently, failure to attract new customers and to retain existing customers could harm our business, results of operations and financial condition.

Both supply of and demand for our products is influenced by general economic conditions, including trends in consumer spending.

Our business and results of operations are subject to global economic conditions, conditions in the markets in which we operate and their impact on consumer discretionary spending, particularly in the retail market. Some of the factors that may negatively influence consumer spending on retail items include high levels of unemployment, high consumer debt levels, a prolonged economic downturn or acute recession, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices, other inflationary pressures and general uncertainty regarding the overall future political and economic environment. Economic conditions in particular regions may also be affected by natural disasters, such as earthquakes, hurricanes and wildfires; unforeseen public health crises, such as pandemics and epidemics, including the ongoing COVID-19 pandemic; political crises, such as terrorist attacks, war and other incidents of political or social instability or other catastrophic events, whether occurring in the United States, Canada or internationally, such as the ongoing conflict between Russia and Ukraine. The presence or absence of government stimulus funding programs has had and may continue to have an impact on consumer discretionary spending and, consequently, purchases at our stores.

Traditionally, consumer purchases of new retail items have declined and secondhand markets have grown during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Nevertheless, we cannot guarantee that our customers will continue to visit our stores and buy our items if economic conditions worsen. On the other hand, economic upswings could increase the rate of new retail purchases in the primary market and slow the rate at which individuals choose to shop in the secondhand market, thereby decreasing our revenue.

Furthermore, fluctuations in economic and other conditions could also negatively impact the rate at which individuals choose to donate their secondhand items to our NPPs. To the extent that donors have lower actual or perceived wealth or economic security, donors may be less willing or able to donate items to our NPPs (either directly or through OSDs). The constriction of supply of secondhand items could increase the price we must pay for items and could also reduce the quality and quantity of items we are able to purchase for sale in our stores, which would adversely affect our revenues, profitability and sales yields.

As a result, general economic and other conditions could have a material and adverse effect on our business, results of operation and financial condition.

We have experienced rapid growth, and those growth rates may not be indicative of our future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan and our business, results of operations and financial condition could be harmed.

We have experienced rapid growth in certain recent periods, and may continue to experience rapid growth in future periods, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. We have also experienced significant growth in the number of customers using our stores in certain periods. Additionally, our organizational structure is becoming more complex as we scale our operational, financial and management controls as well as our reporting systems and procedures.

To manage growth in our operations and the growth in our number of customers, we will need to continue to grow and improve our operational, financial and management controls and our reporting systems and procedures. We will also need to actively and carefully manage the expansion of our store footprint through a targeted real estate strategy. We will need to maintain or increase the automation of our processing facilities (including our CPCs) and continue to improve how we apply data science to our operations. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, marketing, operations, administrative, legal, financial, customer support, engineering and other resources. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, our employee morale, productivity and retention could suffer, which could negatively affect our brands and reputation and harm our ability to attract new customers and to grow our business. In addition, future growth, such as the potential further expansion of our operations internationally or expansion into new categories of offerings, either organically or through acquisitions, would require significant capital expenditures, which could adversely affect our results of operations, and the allocation of valuable management resources to grow and change in these areas.

In future periods, we may not be able to sustain or increase revenue growth rates consistent with recent history, or at all. We believe our success and revenue growth depends on a number of factors, including, but not limited to, our ability to:

- generate a sufficient amount of new and recurring quality secondhand items at an attractive price by maintaining our strong relationships with existing NPPs, maintaining and growing OSDs and developing new relationships in the areas in which we operate;
- attract and retain suitable workers for our stores and processing facilities and manage labor costs;
- attract new, and retain existing, customers, including by increasing the acceptance of thrift among new and growing customer demographics;
- increase awareness of our brands;
- maintain a high level of customer service and satisfaction;
- anticipate and respond to changing market preferences;
- anticipate and respond to macroeconomic changes generally, including changes in the markets for both new and secondhand retail items;
- identify and obtain suitable locations for new stores and facilities;
- adapt to changing conditions in our industry and related to the COVID-19 pandemic and measures implemented to contain its spread;
- improve, expand and further automate our CPC operations, information systems and stores;
- effectively scale our operations while maintaining high-quality service and customer satisfaction;
- successfully compete against established companies and new market entrants, including national retailers and brands, other consignment and thrift stores and online resale platforms;
- avoid or manage interruptions in our business from information technology downtime, cybersecurity, breaches and other factors that could affect our physical and digital infrastructure; and
- comply with regulations applicable to our business.

If we are unable to accomplish any of these tasks, our revenue growth may be harmed. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations and financial condition will be harmed, and we may not be able to maintain profitability.

We may not be able to identify and obtain suitable locations for new stores as we grow our business. The success of each store location is dependent on a number of factors, including site suitability, our ability to negotiate appropriate store leases, customer traffic and convenience and proximity to NPPs and their donors, customers, suitable workers and our processing facilities.

Our business strategy requires us to find appropriate store and processing facility sites in our targeted market areas. We compete with other retailers and businesses for acceptable locations for our stores and other facilities. For the purpose of identifying suitable locations we rely, in part, on information regarding the demographics of the local areas, both with respect to potential customers and potential donors. While we believe demographics are helpful indicators of favorable locations, we recognize that this information cannot predict future consumer preferences and buying trends with complete accuracy. We also rely on other factors such as proximity to potential and existing NPPs and their donors, our CPCs and suitable workers. Time frames for negotiations and store development vary from location to location and can be subject to unforeseen delays or unexpected cancellations.

We lease all of our locations. While locations that source product through a CPC do not require on-site production facilities, currently, most of our locations have processing facilities on-site. To the extent a location requires an on-site processing facility, the location will have specific requirements as to size, layout and physical facilities that may not be available widely in the local area. To the extent suitable store and other locations are unavailable, whether due to large scale redevelopment of shopping centers or otherwise, we may experience difficulties entering into new leases on favorable terms. The failure to secure new locations for our stores and other facilities could have a material and adverse effect on our ability to grow and maintain our business.

Our store leases are generally for extended terms with a typical initial term of 10 years, with an average remaining term of approximately 6.8 years as of September 30, 2023. The majority of our leases contain provisions for base rent and a small number of our leases contain provisions for base rent plus percentage rent based on sales in excess of an agreed upon minimum annual sales level. We may not be able to terminate a particular lease if or when we would like to do so, which could prevent us from closing or relocating certain underperforming locations. If we decide to close locations, we generally are required to continue paying rent and operating expenses for the balance of the lease term, and the performance of any of these obligations may be expensive. When we assign or sublease vacated locations, we may remain liable on the lease obligations for the rent differential or if the assignee or sub-lessee does not perform. Accordingly, we are subject to the risks associated with leasing locations, which can have a material and adverse effect on us.

If we are unable to renew, renegotiate or replace our leases or enter into leases for new locations on favorable terms, our growth and profitability could be harmed, which could have a material and adverse effect on our business, financial condition and results of operations.

We are also required to make significant lease payments for our existing leases, which may strain our cash flow. We depend on net cash provided by operating activities to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash provided by operating activities, and sufficient funds are not otherwise available to us from borrowings under our credit facilities or from other sources, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business.

Some of our stores may have challenges achieving period-to-period comparable store sales growth targets due to various factors outside our control, including availability of quality secondhand items, availability of suitable workers, site suitability, lease terms and conditions, operational risks and regional growth and development patterns.

Because each store seeks to sell secondhand goods that are sourced locally to customers in its local area, each store’s results may fluctuate from one period to the next. While we seek to grow comparable store sales, various factors (many of which are outside our control) may negatively impact each store’s ability to meet our comparable store sales targets. These factors include (among others):

- COVID-related or other government-imposed operational restrictions;
- changes in the availability of quality secondhand items;
- changes in the availability of suitable workers;
- changes in or termination of store and facility leases;
- changes in the economy or demographics of the local area or region;
- changes in weather or climate;
- the impact of natural disasters, cyber-attacks, social unrest or terrorist incidents;
- changes in our relationships with local NPPs and the local community of donors;
- changes in the timing and extent of promotional and advertising efforts; and
- holidays or seasonal periods.

If our future year-to-year store sales growth fails to meet expectations, then our cash flow and profitability could decline substantially, which could have a material adverse effect on our business, financial condition and results of operations.

We have significant foreign operations, particularly in Canada, so we are subject to risks specific to operating in these jurisdictions and are also exposed to exchange rate risks, which we may not be able to fully hedge.

As of September 30, 2023, we operated 157 stores in Canada and 12 stores in Australia. Our operations in these non-U.S. jurisdictions require us to understand the retail climate and trends, customs and cultures, seasonal differences, business practices and competitive conditions in those jurisdictions. We are also required to familiarize ourselves with the laws, rules, regulations and government of each of those jurisdictions. Operations in each jurisdiction also require us to develop the appropriate in-country infrastructure, identify suitable partners for local operations and successfully integrate operations in that jurisdiction with our overall operations while effectively communicating and implementing company policies and practices. There are also financial, regulatory and other risks associated with international operations, including currency exchange fluctuations, potentially adverse tax and transfer pricing considerations, limitations on the repatriation and investment of funds outside of the country where earned, trade regulations, the risk of sudden policy or regulatory changes, the risk of political, economic and civil instability and labor unrest and uncertainties regarding interpretation, application and enforceability of laws and agreements. Any of these risks could adversely impact our operations, profitability or liquidity.

With respect to our Canadian operations, among other data privacy requirements, the Personal Information Protection and Electronic Documents Act ("PIPEDA") and various provincial laws require that companies give detailed privacy notices to consumers, obtain consent to collect, use and disclose personal information, with limited exceptions, allow individuals to access and correct their personal information and report certain data breaches. In addition, Canada's Anti-Spam Legislation ("CASL") or provincial privacy or data protection laws could result in significant fines and penalties or possible damage awards.

In addition our Canadian and Australian operations use a functional currency other than the U.S. dollar. For the thirty-nine weeks ended September 30, 2023, 45.5% of our net sales were derived from markets outside the United States. We are exposed to currency translation risk because the results of our international businesses in some countries are generally reported in local currency, which we then translate to U.S. dollars we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results.

The global COVID-19 pandemic and the government's responses in the jurisdictions in which we operate has had and may continue to have an unpredictable and adverse impact on our business, results of operations and financial condition, and similar events may have such effects in the future.

Some of our operations and financial performance since early 2020 have been negatively impacted by the COVID-19 pandemic that has caused, and may continue to cause, a slowdown of economic activity, disruptions in global supply chains, and significant volatility in financial markets. We have experienced, and may continue to experience, operational challenges from personnel absences, temporary closures of our stores, offices and processing facilities, further or ongoing reduced capacity at those locations, decreased foot traffic at and/or closure of our stores and a decrease or volatile patterns in spending on retail in general. Furthermore, developing various responses to the challenges caused by COVID-19 and its effects has and may continue to divert the attention of our management team. For example, in March 2020, due to the progression of COVID-19 in areas where we operate and have corporate offices, we temporarily closed our corporate offices and all of our locations in the United States and Canada for a period of time to slow the spread of COVID-19, protect our team members and comply with certain local regulations. Later in 2020, all of our stores in Australia and stores elsewhere in our network were closed for similar reasons.

The global slowdown in economic activity, as well as public health concerns such as COVID-19, may heighten other risks disclosed in this Quarterly Report on Form 10-Q and could also result in social, economic and labor instability in the localities in which we or our customers and NPPs and their donors reside. Such instability and concerns could negatively impact the amount and quality of donations to our NPPs (whether directly provided to us by NPPs or through OSDs) and could also negatively impact our customers' willingness to shop at our stores, which would negatively impact our revenues and sales yields.

The extent to which the COVID-19 pandemic continues to impact our results and financial position will depend on future developments, which are uncertain and difficult to predict. The effects of COVID-19 pandemic and related public health restrictions had a significant negative impact on our net sales and pounds processed during fiscal year 2021 and fiscal year 2020, respectively. Our retail stores were closed for a substantial portion of 2020 due to public health restrictions enacted during the pandemic, which resulted in lower store traffic and retail sales volume. In addition, due to the closure of our retail locations during the pandemic, we accepted fewer donations made to our NPPs at our Community Donation Centers.

While we have seen recovery in our business from the initial economic effects of the pandemic, the ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control. Any of these uncertainties and actions we take to mitigate the effects of COVID-19 and uncertainties related to COVID-19 could harm our business, results of operations and financial condition. We face similar risks with respect to any worsening of the COVID-19 pandemic, the spread of any variants of COVID-19, and any future outbreaks of disease.

We may not be able to expand our CPC operations in geographic regions that enable us to effectively scale our operations.

To grow our business, we must continue to improve and expand our CPC operations, proprietary systems, equipment and related technology. We must also staff our CPCs with suitable workers in each of the localities we wish to service. Our CPC operations are complex and require the coordination of multiple functions that are highly dependent on numerous qualified employees and personnel working as a team. Each item that we process requires multiple touch points, including categorization, inspection, grading, pricing and delivery to our store locations. This process is complex and, from time to time, we may have more secondhand items arriving from our NPPs and their donors than we can timely process.

As we grow our CPC operations, we expect that the number of employees in our CPCs will increase significantly in the near term, particularly as and when concerns and restrictions due to COVID-19 abate. The market for these employees is increasingly competitive and is highly dependent on geographic location. We could be required to raise wages or introduce other compensation incentives to remain competitive, which could increase our costs and harm our results of operations. If we fail to effectively locate, hire and retain such personnel, our ability to continue to implement our CPC strategy could be negatively impacted, which could harm our growth prospects and our business, results of operations and financial condition.

Further, the success of our business depends on our ability to secure additional locations for our CPCs that are able to serve our stores. Space meeting our physical requirements in well-positioned geographic locations is becoming increasingly scarce, and where it is available, the lease terms offered by landlords are increasingly competitive, particularly in geographic locations with access to the large, qualified talent pools required for us to run our logistics infrastructure. Companies who have more financial resources and negotiating leverage than us may be more attractive tenants and, as a result, may outbid us for the facilities we seek. Due to the competitive nature of the real estate market in the locations where we currently operate, we may be unable to renew our existing leases or renew them on satisfactory terms. Failure to identify and secure suitable new CPCs or to maintain our current CPCs could harm our business, results of operations and financial condition.

If we are unable to extend our exclusive rights with the provider of our CPC and ABP technologies, our business, results of operations and financial condition could be harmed.

We have contractual arrangements with Valvan Baling Systems NV ("Valvan"), the provider of CPC technology, and ABP technology that include exclusive rights to the use of the CPC technology and ABP technology for a period of time that may be extended as we purchase additional technology from the provider in connection with our buildout of additional CPCs and ABP facilities. The CPC and ABP technologies widen our competitive and operational advantage, and we plan to aggressively expand both across many of the markets in which we operate in the next several years. Our ability to extend these exclusive rights with respect to the CPC and ABP technologies is dependent on us continuing to secure our relationship with the provider as we expand our CPCs and ABP facilities. Our failure to complete planned purchases may lead to the termination of our exclusive rights with Valvan, which could result in operational delays and harm our business, results of operations and financial condition.

If we are unable to successfully leverage technology to automate and drive efficiencies in our operations, our business, results of operations and financial condition could be harmed.

We are continuing to build automation, machine learning and other capabilities to drive efficiencies in our stores, our CPC operations, our ABP capabilities and other automated processing functions. As we continue to enhance automation and add capabilities, our operations may become increasingly complex. While we expect these technologies to improve productivity in many of our merchandising operations, including processing, itemizing and selling, any flaws, bugs or failures of such technologies could cause interruptions in and delays to our operations, which may harm our business. We are increasing our investment in technology, software and systems to support these efforts, but such investments may not increase productivity, maintain or improve the experience for customers or result in more efficient operations. While we have created our own proprietary technology to operate our business, we also rely on technology from third parties, particularly in our CPCs. If we are no longer able to rely on such third parties, we would be required to either seek licenses to technologies or services from other third parties and redesign aspects of business and operations to function with such technologies or services or develop such technologies ourselves, either of which would result in increased costs and could result in operational delays until equivalent technologies can be licensed or developed and integrated into our business and operations.

We are subject to various risks to our physical store and processing facility locations, which may adversely affect our business, results of operations and financial condition.

Our business model is predicated on sourcing from local NPPs and their donors and selling to local customers. As a result, our stores and processing facilities are critical to our operations, and disruptions to those facilities (as well as to our headquarters) could disrupt our business and overall operations.

Our various facilities including our CPCs, may be affected by natural disasters, disease outbreaks, severe weather events or man-made events such as terrorism, labor unrest, social unrest, riots, looting and arson. Our facilities may also be affected by construction defects, damage to the physical structure that requires repair or disruptions in utility service. Any of the above events could severely disrupt our operations, cause harm to our team members and result in damage to or loss of inventory (in a location or regionally).

Additionally, given the nature of the unique selection of secondhand items we offer in our stores, our ability to restore such secondhand items in our stores would take time, and to the extent any events affecting our stores or other facilities also affect our NPPs or their donors, the supply of goods to our stores may also suffer. As a result, any of these events could result in a limitation and delay of available supply for customers, which would negatively impact our revenue and results of operations. For example, in March 2020 due to the progression of COVID-19 in areas where we operate and have corporate offices, we temporarily closed our corporate offices and all of our locations in the United States and Canada for a period of time to slow the spread of COVID-19, protect our team members and comply with certain local regulations. Later in 2020, all of our stores in Australia and stores elsewhere in our network were closed for similar reasons. In 2021, closures and reductions in operations due to COVID-19 continued in discrete geographical regions where we operate, including, for example, Ontario, Canada. Such reductions in operations and closures have slowed and may in the future slow or temporarily halt our operations and adversely affect our business, results of operations and financial condition.

We are also subject to shrinkage of inventory at our stores and facilities, and if we are unable to control such shrinkage, our sales yields will be negatively affected.

Further, while our property insurance covers certain of our inventory and losses, insurance coverage has become more expensive, which has resulted in increased premiums and deductibles. The insurance we do carry may not continue to be available on commercially reasonable terms and, in any event, may not be adequate to cover all possible losses that our business could suffer. In the event that we suffer a catastrophic loss of any or all of our facilities or the secondhand items in such facilities, our liabilities may exceed the maximum insurance coverage amount, which could adversely affect our business and results of operations.

A failure to retain key store and processing center management personnel could materially and adversely affect our business.

Our performance also depends on recruiting, hiring, developing, training and retaining talented key management personnel for our stores and processing facilities. Similar to other retailers, we face challenges in securing and retaining sufficient talent in key management for many reasons, including competition for talent in the retail industry and in various geographic markets. In addition, because of the distinctive nature of our business model, which emphasizes promotion from within, we must provide significant internal training and development for key management personnel across the company and must effectively manage succession planning. If we do not effectively attract qualified individuals, train them in our business model and operating procedures, support their development, engage them in our business and retain them in sufficient numbers and at appropriate levels of the organization, our growth could be limited, and the successful execution of our business model could be adversely affected.

Labor-related matters, including labor disputes, may adversely affect our operations.

In September 2022, one retail store in Ontario, Canada voted to be represented by a union. Collective bargaining is ongoing. We have been bargaining with the union on a proposed collective agreement since late 2022. We meet with the union periodically, and we expect bargaining to continue through the fourth quarter of 2023, and potentially into the first quarter of 2024, before a final collective agreement is reached. If our employees decide to form or affiliate with a union, we cannot predict the effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including increases in our labor costs, which could harm our business, results of operations and financial condition.

In addition, we have in the past and could face in the future a variety of employee claims against us, including but not limited to general discrimination, privacy, wage and hour, labor and employment, Employee Retirement Income Security Act (“ERISA”) and disability claims. Any claims could also result in litigation against us or regulatory proceedings being brought against us by various federal and state agencies that regulate our business, including the U.S. Equal Employment Opportunity Commission. Often these cases raise complex factual and legal issues and create risks and uncertainties.

Acquisitions could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value and adversely affect our results of operations and expansion prospects.

We have in the past and may in the future make acquisitions of other companies or technologies. Competition within our industry for acquisitions of businesses (such as the 2nd Ave. Acquisition) may become intense, and we have limited experience in acquisitions. As such, even if we are able to identify a target for acquisition, we may not be able to complete the acquisition on commercially reasonable terms, or such target may be acquired by another company including, potentially, one of our competitors. Negotiations for such potential acquisitions may result in diversion of management time and significant out-of-pocket costs. If we do complete acquisitions, we may not ultimately strengthen our competitive position, realize the benefits from the acquired business or otherwise achieve our goals, and any acquisitions we complete could be viewed negatively by customers, team members, or investors or result in the incurrence of significant other liabilities. We may also not be able to successfully integrate the acquired operations, systems (including financial, inventory, customer and other systems), team members and facilities into our company, and the time and resources spent on such integration could be greater than expected. We may expend significant cash or incur substantial debt to finance such acquisitions, which indebtedness may restrict impair our business or require the use of available cash to make interest and principal payments. In addition, we may finance or otherwise complete acquisitions by issuing equity or convertible debt securities, which may result in further dilution of our existing stockholders. For example, we spent significant time and resources and incurred a significant amount of debt to finance the 2nd Ave. Acquisition, and expect to spend significant additional resources on integrating the 2nd Ave. operations, including 12 new stores, into our business. Doing so may take more time or use more resources than we expect, and we may not be successful at all in realizing our goals in the transaction. Additionally, the time and resources we spend toward integrating 2nd Ave. operations, systems (including financial, inventory, customer and other systems), team members and facilities may be a significant distraction to successfully growing the rest of our business. If we fail to evaluate and execute acquisitions successfully or fail to successfully address any of these risks, our results of operations and expansion prospects may be harmed.

We face risks related to acquisitions or joint ventures we may pursue.

We may in the future seek to acquire businesses, products or technologies that we believe could complement our business, extend our store footprint into new localities, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to successfully integrate the acquired personnel, operations, systems and technologies, or effectively manage the combined business following the acquisition. Specifically, we may not successfully evaluate or utilize the acquired business, operations, systems, technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

We may not be able to find and identify desirable acquisition targets or we may not be successful in entering into an agreement with any one target. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could harm our results of operations. In addition, if an acquired business fails to meet our expectations, our business, results of operations and financial condition may suffer.

Actions by wholesale customers could harm our brands and reputation, influence donor behavior and adversely affect our relationships with our NPPs and our customers.

We believe that our brands and reputation have significantly contributed to the success of our business. Our reputation, brands and ability to build trust with existing and new customers, donors and NPPs may be adversely affected by complaints and negative publicity about us and our merchandise, even if factually incorrect or based on isolated incidents. Our ability to attract and retain customers and maintain or enhance our relationships with NPPs and their donors is highly dependent upon external perceptions of our company, and damage to our brands and reputation may be caused by wholesale customers that improperly use or dispose of the items we sell to them. These and other events that may harm our brands and reputation could diminish the confidence of our customers in our products and shopping experience and could negatively impact the acceptance by our NPPs and their donors of our company and our business model. These risks could have an adverse effect on our business, financial condition and results of operations. Such events could also cause our stockholders to sell or otherwise dispose of a significant number of shares of our common stock, which may have a significant adverse effect on the trading price of our common stock.

Disruptions in the wholesale markets due to market conditions, conditions in the countries where our wholesale goods are sold or other factors may adversely affect our business.

Much of the merchandise we purchase from our NPPs is not sold in our stores, but instead is sold into the global wholesale secondhand goods market. We have in the past, and may in the future, experience fluctuations and disruptions in this market. These fluctuations and disruptions could be caused by an influx of inexpensive textiles or other replacement goods that could compete with the secondhand goods we offer. In addition, a change in the end markets in which these goods are sold could affect demand for secondhand goods in the wholesale market. These end markets may be affected negatively by natural disasters, civil unrest, economic conditions or other localized or regional events. Further, changes in laws, rules and regulations in the end markets could also negatively affect demand for or price of secondhand items. If we are unable to sell a sufficient amount of secondhand goods into the wholesale market, our business, our reputation and our revenues, profitability, results of operations and financial condition could be materially and adversely affected.

Our business could be negatively impacted by a failure to live up to our commitments to, or our failure to appropriately address existing and emerging matters relating to, sustainability and good corporate citizenship and diversity.

Our company is premised on a focus on sustainability and the reduction of waste in our local communities and in the textile and other industries through thrift, reuse and repurposing. We also seek to maintain good corporate citizenship and continuously strive for a more inclusive and diverse workplace. Our mission is to promote a more sustainable future by making secondhand second nature and positively impacting the communities we operate in. Our company is committed to a focus on sustainability and the reduction of waste in our local communities through thrift, reuse and repurposing. We also seek to maintain good corporate citizenship and continuously strive for a more inclusive and diverse workplace. Our commitment to such matters may require us to devote additional resources in our review of prospective investments and our operations and could increase the amount of expenses we are required to bear, which could lead to reduced profitability. In addition, if incidents occur in which we fail, or are perceived to have failed, to live up to our commitments to sustainability, good corporate citizenship or diversity, or if we fail to accurately report our progress toward such commitments, negative publicity with respect to any such incident could discourage our customers from shopping at our stores, causing our net sales to decrease, and could negatively impact our relationships with our NPPs and their donors, causing the quantity and quality of secondhand goods we receive to decrease (and thus negatively impacting our revenues and sales yields). We could also be criticized for the scope of our sustainability, good corporate citizenship or diversity commitments and engagement; or for a perceived lack of sustainability, good corporate citizenship or diversity commitments and engagement; or for any perceived lack of transparency about such matters, which in turn could have a negative impact on stakeholder perception and stakeholder engagement with our business. This may also impact our ability to attract and retain talent to compete in the marketplace. These risks could therefore have a material and adverse effect on our business, results of operations and financial condition.

The market in which we participate is competitive and rapidly changing, and if we do not compete effectively with established companies as well as new market entrants or maintain and develop strategic relationships with NPPs, our business, results of operations and financial condition could be harmed.

The markets for resale and secondhand items are highly competitive. We compete with vendors of new and secondhand items, including branded goods stores, local, national and global department stores, consignment and thrift stores (including non-profit operators), specialty retailers, direct-to-consumer, retailers, discount chains, independent retail stores, the offerings of other retail competitors, resale players focused on niche or single categories, as well as internet-based secondhand retailers and other technology-enabled marketplaces. We believe our ability to compete depends on many factors, many of which are beyond our control, including:

- maintaining favorable brand recognition;
- identifying and delivering quality secondhand items;
- maintaining and increasing the amount, diversity and quality of secondhand items that we offer;
- our ability to expand the means through which we acquire and offer secondhand items for resale;
- attracting and retaining suitable workers for our stores and processing facilities and managing labor costs;
- attracting donors and retaining relationships with NPPs;
- the ease with which our customers and NPPs and their donors can supply, purchase and return secondhand items;
- the price at which secondhand items are offered;
- the speed and cost at which we can process and make available secondhand items to our customers; and
- attracting and retaining customers and increasing the volume of secondhand items they buy.

As our market evolves and we begin to compete with new market entrants, we expect competition to intensify in the future. Established companies may not only develop their own platforms and competing lines of business, but also acquire or establish cooperative relationships with our current competitors or provide meaningful incentives to third parties to favor their offerings over our stores. The performance of our competitors as well as changes in their pricing and promotional policies, marketing activities, new location openings, merchandising and operational strategies could negatively impact our sales and profitability.

Many of our existing competitors have, and some of our potential competitors or potential alliances among competitors could have, substantial competitive advantages such as greater brand name recognition and longer operating histories; larger fulfillment infrastructures; greater technical capabilities; internet-based marketplaces; broader supply; established relationships with a larger existing customer and/or NPP and donor base; better access to merchandise; superior or more desirable secondhand items for sale or resale; greater customer service resources; greater financial, marketing, institutional and other resources; greater resources to make acquisitions; lower labor and development costs; larger and more mature intellectual property portfolios; and better access to capital markets than we do. Such competitors with greater financial and operating resources may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and derive greater revenue and profits from their existing customer bases, adopt more aggressive pricing policies to build larger customer or NPP bases or respond more quickly than we can to new or emerging technologies and changes in consumer shopping behavior.

If we are unsuccessful in establishing or maintaining our relationships with our NPPs, or if they partner with our competitors and devote greater resources to implement and support the platforms or retail items of our competitors, our ability to compete in the marketplace, or to grow our revenue, could be impaired, and the results of our operations may suffer. Even if these partnerships and any future partnerships we undertake are successful, these relationships may not result in increased buying and selling through our stores or increased revenue.

Conditions in our market could also change rapidly and significantly as a result of technological advancements, partnering by our competitors or continuing market consolidation or strategic changes we or our competitors make in response to the COVID-19 pandemic, and it is uncertain how our market will evolve. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer customers and NPPs, reduced revenue, reduced profitability, increased net losses and loss of market share.

Any failure to meet and address these factors could harm our business, results of operations and financial condition.

National retailers and brands set their own retail prices and promotional discounts on new items, which could adversely affect our value proposition to customers and harm our business, results of operations and financial condition.

National retailers and brands set pricing for their own new retail items, which can include promotional discounts. For example, there may be reductions in the price of new retail items in light of an economic downturn. Promotional pricing by these parties may adversely affect the relative value of secondhand items offered for resale with us. In order to attract customers to our stores, the prices for the secondhand items sold through our stores may need to be lowered in order to compete with pricing strategies employed by national retailers and brands for their own new retail items. These pricing changes and promotional discounts could, as a result, adversely affect our business, revenue, growth, results of operations and financial condition.

Natural disasters, pandemics, geo-political events and other highly disruptive events could materially and adversely affect our business, financial condition and results of operations.

The occurrence of one or more natural disasters, such as fires, hurricanes, tornados, tsunamis, floods and earthquakes, geo-political events or terrorist or military activities disrupting transportation, communication or utility systems (such as the ongoing military conflict between Russia and Ukraine) or other highly disruptive events, such as nuclear accidents, public health epidemics or pandemics (such as the COVID-19 outbreak), unusual weather conditions, widespread supply chain disruptions or cyberattacks, could adversely affect our business operations and financial performance. Such events could result in physical damage to or destruction or disruption of one or more of our properties (including our corporate offices, Centralized Processing Centers, other processing facilities and stores) or properties used by NPPs in connection with the supply of secondhand items to us, negative impacts on our team members in parts or all of our operations, supply chain disruptions, data, utility and communications disruptions, fewer customers visiting our stores, including due to quarantines or public health crises and the inability of our customers to reach or have transportation to our stores directly affected by such events. Such events could cause us to incur significant costs to relocate or re-establish these functions and negatively impact our operating results. These events could also negatively impact the willingness of donors to donate items to our NPPs (either directly to our NPPs or through OSDs), which would adversely affect the price, quantity and quality of secondhand items we are able to purchase. In addition, these events could cause a temporary reduction in consumer sales or the ability to sell our items or could indirectly result in increases in the costs of our insurance if they result in significant loss of property or other insurable damage. These factors could also cause reputational harm, decreased consumer confidence and spending and/or increased volatility in the United States, Canada and global financial markets and economies. Any of these developments could have a material and adverse effect on our business, financial condition and results of operations.

Our advertising activity may fail to efficiently drive growth in customers, which could harm our business, results of operations and financial condition.

Our future growth and potential profitability will depend in large part upon the effectiveness and efficiency of our advertising, promotion, public relations and marketing programs, and we are investing in these activities. Our advertising activities may not yield increased revenue and the efficacy of these activities will depend on a number of factors, including our ability to:

- determine the effective creative message and media mix for advertising, marketing and promotional expenditures;
- select the right markets, media and specific media vehicles in which to advertise;
- identify the most effective and efficient level of spending in each market, media and specific media vehicle; and
- effectively manage marketing costs, including creative and media expenses, to maintain acceptable customer acquisition costs.

We closely monitor the effectiveness of our advertising campaigns and changes in the advertising market, and adjust or re-allocate our advertising spend across channels, customer segments and geographic markets in real-time to optimize the effectiveness of these activities. We expect to increase advertising spend in future periods to continue driving our growth. Increases in the pricing of one or more of our marketing and advertising channels could increase our marketing and advertising expenses or cause us to choose less expensive but possibly less effective marketing and advertising channels. If we implement new marketing and advertising strategies, we may incur significantly higher costs than our current channels, which, in turn, could adversely affect our results of operations.

Implementing new marketing and advertising strategies also could increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective. We also may incur marketing and advertising expenses significantly in advance of the time we anticipate recognizing revenue associated with such expenses and our marketing and advertising expenditures may not generate sufficient levels of brand awareness or result in increased revenue. Even if our marketing and advertising expenses result in increased sales (or donations made to our NPPs), the increase might not offset our related expenditures. If we are unable to maintain our marketing and advertising channels on cost-effective terms or replace or supplement existing marketing and advertising channels with similarly or more effective channels, our marketing and advertising expenses could increase substantially, our customer base could be adversely affected, our brands could suffer and our business, results of operations and financial condition could be harmed.

We may not succeed in promoting and maintaining our reputation, which could harm our business and future growth.

We believe that maintaining our reputation is critical to driving customer and NPP and donor engagement. An important goal of our brand promotion strategy is establishing trust with our customers and NPPs and their donors.

For customers, maintaining our reputation requires that we foster trust through responsive and effective customer service and a broad supply of desirable brands and secondhand items. For NPPs and their donors, maintaining our brands and reputation requires that we foster convenience with service that is convenient, consistent and timely. We must also maintain trust through consistent receiving and payment processes for secondhand items supplied to us. Our payments must also be perceived by our NPPs to be adequate compensation for the items they collect.

If we fail to maintain our reputation with our customers, our revenues could be materially and adversely affected. If we fail to maintain our reputation with our NPPs and their donors, the quantity and quality of goods supplied to us could be materially and adversely affected. As a result, a failure to maintain our reputation could have a material, adverse effect on our business, growth, results of operations and financial condition.

Risks Relating to Information Technology, Intellectual Property, Data Security and Privacy

Compromises of our data security, including cyber-attacks or data breaches, could cause us to incur unexpected expenses and may materially harm our reputation and results of operations.

In the ordinary course of our business, we collect, process and store certain personal information and other data relating to individuals, such as our customers and employees. We also maintain other information, such as financial information, operating statistics and metrics, trade secrets and confidential business information and certain confidential information of third parties, that is sensitive and that we seek to protect.

We rely substantially on commercially available systems, software, tools and monitoring to provide security for our processing, transmission and storage of personal information and other confidential information. We have been in the past and could be in the future the subject of hacking, phishing attacks, data breaches, ransomware attacks or other attacks. For example, in July 2020, we suffered a ransomware attack that caused the loss of some of our data and caused some temporary operational disruptions. These incidents have allowed, and may in the future continue to allow, hackers or other unauthorized parties to gain access to personal information or other data, including payment card data or confidential business information, and we might not discover such issues for an extended period. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, our employees, NPPs or other third parties with whom we do business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information or other data, or may inadvertently release or compromise such data. We are also affected by the security practices of our third-party service providers, which may be outside of our direct control. If these third parties fail to adhere to adequate security practices, or experience a breach of their networks, our users' data may be improperly accessed, used or disclosed, and our business operations may be disrupted. We expect to incur ongoing costs associated with the detection and prevention of security breaches and other security-related incidents. In addition, we provide the audit committee of our board of directors regular reports on such breaches or incidents, including the July 2020 incident, and on our efforts to implement more robust security measures. We may incur additional costs in the event of a security breach or other security-related incident. Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of personal or other confidential information and delays in detecting or providing notice of any such compromise or loss could disrupt our operations, harm the perception of our security measures, damage our reputation, cause some participants to decrease or stop their visiting of our stores and subject us to litigation, government action, increased transaction fees, regulatory fines or penalties or other additional costs and liabilities that could adversely affect our business, results of operations and financial condition.

Our insurance coverage may not be adequate for data handling or data security liabilities, and that insurance may not continue to be available to us on economically reasonable terms, or at all. An insurer may also deny coverage as to a future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could harm our business, results of operations, financial condition and reputation.

In addition, the changes in our work environment as a result of the COVID-19 pandemic could impact the security of our systems, as well as our ability to protect against attacks and detect and respond to them quickly. Any rapid adoption by us of third-party services designed to enable the transition to a remote workforce also may introduce security risk that is not fully mitigated prior to the use of these services. We may also be subject to increased cyber-attacks, such as phishing attacks by threat actors using the attention placed on the COVID-19 pandemic as a method for targeting our personnel.

Our use and other processing of personal information and other data is subject to laws and regulations relating to privacy, data protection and information security. Changes in such laws or regulations or any actual or perceived failure by us to comply with such laws and regulations our privacy policies and/or contractual obligations could adversely affect our business, results of operations and financial condition.

We collect, maintain and otherwise process significant amounts of personal information and other data relating to our customers, employees and other individuals. Numerous state, federal and international laws, rules and regulations govern the collection, use and protection of personal information and other types of data we collect, use, disclose and otherwise process. Such requirements are constantly evolving, and we expect that there will continue to be new proposed requirements relating to privacy, data protection and information security in the United States, Canada and other jurisdictions, or changes in the interpretation of existing privacy requirements. For example, the California Consumer Privacy Act ("CCPA") took effect on January 1, 2020 and broadly defines personal information, imposes stringent consumer data protection requirements, gives California residents expanded privacy rights, provides for civil penalties for violations and introduces a private right of action for data breaches. Additionally, on November 3, 2020, Proposition 24 was approved in California which creates a new privacy law, the California Privacy Rights Act ("CPRA"). The CPRA creates additional obligations relating to personal information that took effect on January 1, 2023. We will continue to monitor developments related to the CPRA and anticipate additional costs and expenses associated with CPRA compliance. Additionally, the CCPA has prompted other states to propose and enact similar laws and regulations relating to privacy. For example, in March 2021, Virginia enacted the Virginia Consumer Data Protection Act ("CDPA") which became effective on January 1, 2023;

in May 2022 Connecticut enacted the Connecticut Data Privacy Act which took effect on July 1, 2023 (“CTDPA”); and in March 2023 Utah enacted the Utah Consumer Privacy Act (“UCPA”) which will become effective December 31, 2023. The CDPA, CTDPA and UCPA share similarities with the CCPA, the CPRA, and legislation proposed in other states. Aspects of the CCPA, CPRA, CDPA, and CPA, and their interpretation, remain unclear, and we cannot yet fully predict the impact of these laws or regulations on our business or operations.

We have significant operations in Canada and Australia, and must comply with data privacy laws in both jurisdictions. In Canada, our collection, use, disclosure and management of personal information must comply with both federal and provincial privacy laws, which impose separate requirements, but may overlap in some instances. The Personal Information Protection and Electronic Documents Act (“PIPEDA”) applies in all Canadian provinces except, in certain contexts, Alberta, British Columbia and Québec, as well as to the transfer of personal information across provincial or international borders. PIPEDA imposes stringent personal information protection obligations, requires privacy breach reporting, and limits the purposes for which organizations may collect, use and disclose personal information, which includes consumer data. The provinces of Alberta, British Columbia, and Québec have enacted separate data privacy laws that are substantially similar to PIPEDA, but, among other differences, all three additionally apply to our handling of our own employees’ personal data within their respective provinces. As of September 22, 2023, Québec’s privacy act took effect, which includes transparency and data impact assessments requirements and also imposes severe financial penalties for certain offenses like unlawful use of personal information and failure to report confidentiality incidents. We may incur additional costs and expenses related to compliance with these laws. We are also subject to Canada’s anti-spam legislation (“CASL”) which includes rules governing commercial electronic messages, which include marketing emails, text messages and social media messages. Under these rules, we must follow certain standards when sending marketing messages, and, among other requirements, are prohibited from sending them without the recipient’s consent (or there is a statutory exception to the requirement for consent), and can be held liable for violations. In Australia, the Privacy Act 1988 and the Australian Privacy Principles (“APPs”) regulate the handling of personal information, which is defined in similar terms to the CCPA. The Privacy Act and the APPs set out data protection principles for how personal information should be collected, used, stored and disclosed, and when an entity must provide notice if personal information has been lost or accessed without authorization. The Privacy Act also gives the Australian Information Commissioner the power to conduct investigations, and contains civil penalties for breach. Updates to the Privacy Act in 2023 increased the civil penalties available for serious and repeated breach events. Additional changes are expected in the next year. We are also subject to the Spam Act 2003 and may be subject to the Do Not Call Register Act 2006 which regulate the sending of commercial electronic messages and telemarketing activities. To the extent our operations further expand internationally, we may become subject to additional laws and regulations relating to privacy and data protection.

Future requirements, or changes in the interpretation of existing requirements relating to privacy, data protection and information security may, among other requirements, require us to implement privacy and security policies, provide certain types of notices, grant certain rights to individuals, inform individuals of security breaches and, in some cases, obtain individuals’ consent to use personal data for certain purposes. A bill for a replacement to PIPEDA has been tabled and is currently working its way through the Canadian federal legislative process. These requirements may be inconsistent from one jurisdiction to another, subject to differing interpretations and may be interpreted to conflict with our practices. We cannot yet fully determine the impact that such future requirements may have on our business or operations. Additionally, we are subject to the terms of our privacy policies and notices and may be bound by contractual requirements applicable to our collection, use, processing, security and disclosure of personal information, and may be bound by or alleged to be subject to, or voluntarily comply with, self-regulatory or other industry standards relating to these matters.

Any failure or perceived failure by us or any third parties with which we do business to comply with these privacy requirements, with our posted privacy policies or with other obligations to which we or such third parties are or may become subject relating to privacy, data protection or information security, may result in investigations or enforcement actions against us by governmental entities, private claims, public statements against us by consumer advocacy groups or others and fines, penalties or other liabilities. For example, California consumers whose information has been subject to a security incident may bring civil suits under the CCPA for statutory damages between $100 and $750 per consumer. In Canada, we may be subject to regulatory investigations, fines or class action suits stemming from violations of PIPEDA, provincial data privacy laws or CASL. Any such action would be expensive to defend, likely would damage our reputation and market position, could result in substantial liability and could adversely affect our business and results of operations.

We may be unable to protect our intellectual property rights.

We rely on a combination of intellectual property rights, contractual protections and other practices to protect our brands, proprietary information, technologies and processes. We primarily rely on copyright and trade secret laws and exclusive licenses-in to protect our proprietary technologies and processes, including the automated operations systems and machine learning technology we use throughout our business. Others may independently develop the same or similar technologies and processes or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. Our principal trademark assets include the registered and common law trademarks “Savers Value Village,” “Savers,” “Value Village,” “Village des Valeurs,” “Unique,” “2nd Ave.,” “GreenDrop,” “Super Savers Club,” “Community Donation Center” and “Thrift Proud” and our logos and taglines. Our trademarks are valuable assets that support our brands and customers’ perception of our services and merchandise. We have registered trademarks in Australia, Canada and the United States. We also hold the rights to the “savers.com” Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our results of operations would be adversely impacted. Further, to the extent we pursue patent protection for our innovations, patents we may apply for may not issue, and patents that do issue or that we acquire may not provide us with any competitive advantages or may be challenged by third parties. There can be no assurance that any patents we obtain will adequately protect our inventions or survive a legal challenge, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain. We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships, partnerships and business alliances, no assurance can be given that these agreements will be effective in controlling access to and distribution of our proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our automation technologies or technologies related to our operations or services.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights, and we may or may not be able to detect infringement by third parties. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management’s attention and resources, could delay the implementation of our platform, impair the functionality of our platform, delay introductions of new capabilities, result in our substituting inferior or more costly technologies into our business, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new capabilities, and we cannot assure you that we could license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete.

We may be accused of infringing intellectual property or other proprietary rights of third parties.

We have been in the past and may be accused in the future of infringing intellectual property or other proprietary rights of third parties. We are also at risk of claims by others that we have infringed their copyrights, trademarks or patents, or improperly used or disclosed their trade secrets or otherwise infringed or violated their proprietary rights, such as the right of publicity. For example, although we require our employees to not use the proprietary information or know-how of others in their work for us, we may become subject to claims that these employees have divulged, or we have used, proprietary information of these employees’ former employers. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claim is valid, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, which could adversely affect our business. In addition, if such claims are valid, we may lose valuable intellectual property rights or personnel, which could harm our business. Even if such claims were not valid, defending them could be expensive and distracting, adversely affecting our results of operations.

We rely on software, technology and services from other parties. Defects in or the loss of access to software or services from third parties could increase our costs and adversely affect the quality of our products.

We rely on software, technologies and services sourced or licensed from third parties to operate critical functions of our business, including payment processing services, certain aspects of CPC automation and customer relationship management services. We also use Microsoft services for our business emails, file storage and communications. Our business would be disrupted if any of the third-party software or services we utilize, or functional equivalents thereof, were unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. In each case, we would be required to either seek licenses to software or services from other parties and redesign our business and operations to function with such software or services or develop these components ourselves, which would result in increased costs.

Risks Relating to Legal, Regulatory, Accounting and Tax Matters

Risks arising from the material weaknesses we have identified in our internal control over financial reporting and any failure to remediate these material weaknesses.

As a public company, we are required to maintain internal control over financial reporting in accordance with applicable rules and guidance and to report any material weaknesses in such internal control over financial reporting. Prior to our IPO, we were a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. In preparation for our IPO, we identified deficiencies in our internal control over financial reporting, which in the aggregate, constitute a material weakness related to (i) the sufficiency of technical accounting and SEC reporting expertise within our accounting and financial reporting function, (ii) the establishment and documentation of clearly defined roles within our finance and accounting functions and (iii) our ability to evidence the design and implementation of effective information technology general controls ("ITGCs") for information systems and applications that are relevant to the preparation of our financial statements.

If our steps are insufficient to successfully remediate the material weaknesses and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us and the value of our common stock could be materially and adversely affected. We may not be able to remediate the identified material weaknesses, and additional material weaknesses or significant deficiencies in our internal control over financial reporting may be identified in the future. Effective internal control over financial reporting is necessary for us to provide reliable and timely financial reports and, together with adequate disclosure controls and procedures, are designed to reasonably detect and prevent fraud. Our failure to implement and maintain effective internal control over financial reporting, to remedy identified material weaknesses or significant deficiencies or to implement required new or improved controls could result in errors in our financial statements that could result in a restatement of our financial statements or cause us to fail to timely meet our financial and other reporting obligations.

We may be unable to maintain an effective system of disclosure controls and procedures or internal control over financial reporting and produce timely and accurate financial statements or comply with applicable regulations.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") the Sarbanes-Oxley Act, and, the rules and regulations and the listing standards of the NYSE.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

In addition to the material weaknesses in our internal control over financial reporting that we have identified, we may discover weaknesses in our disclosure controls and procedures and internal control over financial reporting in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our Form 10-K that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could cause delays in our ability to comply with public company reporting requirements (including under the Exchange Act or stock exchange rules) and could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

We will incur increased expenses associated with being a public company.

As a public company, we have and will continue to incur significant legal, accounting, investor relations and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC and the NYSE, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. In addition, upon completion of our IPO, we commenced recognition of stock-based compensation for our performance-based options as the underlying performance-based condition was satisfied. We expect that the requirements of operating as a public company will increase our legal and financial compliance and investor relations costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. We also expect to incur expenses and devote effort to establishing an internal investor relations function. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of those costs.

Public company reporting and disclosure obligations and a broader shareholder base as a result of our status as a public company may expose us to a greater risk of claims by shareholders, and we may experience threatened or actual litigation from time to time. If claims asserted in such litigation are successful, our business and operating results could be adversely affected, and, even if claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them and the diversion of management resources, could adversely affect our business and operating results.

Changes in Canadian, Australian or U.S. national or local regulations, including those relating to the sale of secondhand items and advertising practices, or our actual or alleged failure to comply with such regulations may have a material adverse effect on our reputation, business, financial condition and results of operations.

Our business and financial condition could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our business, including those relating to consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, banking, environmental protection, waste management, sustainability, data security, network and information systems security, data protection and privacy. For example, on July 26, 2023, the SEC also adopted final rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and to annually disclose their cybersecurity risk management, strategy, and governance. In addition, we expect to be subject to newly enacted laws in the State of California that will require certain businesses operating in California to prepare climate-related financial risk report and publicly disclose Scope 1, 2 and 3 greenhouse gas emission with third-party assurance. If we were to further expand internationally, we could be subject to additional regulation.

The resale of secondhand items is subject to regulation, including by regulatory bodies such as the U.S. Consumer Product Safety Commission, the U.S. Federal Trade Commission (the “FTC”), the U.S. Fish and Wildlife Service and other international, federal, state and local governments and regulatory authorities. These laws and regulations are complex, vary from jurisdiction to jurisdiction and change often. We monitor these laws and regulations and adjust our business practices as warranted to comply. We receive our supply of secondhand items from numerous NPPs and their donors located in approximately 29 U.S. states, and the items we receive from our NPPs and their donors may contain materials such as ivory, fur, snakeskin and other exotic animal product components, that are subject to regulation in the United States and overseas. In Canada, we follow the Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act, which, among other things, restricts the sale of ivory and other protected species. In Australia, we are prohibited from trading in certain animal products because Australia is a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora. Failure of our employees to identify prohibited items and remove them from the sale process could lead to violations of regulations or other claims against us, resulting in increased legal expenses and costs. Moreover, in connection with our marketing and advertisement practices, we have been in the past, are currently and may in the future be, the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states. Failure by us to prevail on existing claims relating to false or deceptive advertising, effectively monitor the application of these laws and regulations to our business, and to comply with such laws and regulations, may negatively affect our brands, adversely impact our relationships with our NPPs and subject us to penalties and fines.

Numerous jurisdictions, including the States of California and New York, Canada and Australia, have regulations regarding the handling of secondhand items and licensing requirements of secondhand dealers. In Canada, we follow the Canada Consumer Product Safety Act Health Canada’s “Industry Guide to Second-Hand Products (Including Children’s Products)”, which guides businesses selling secondhand products ensure all appropriate steps are taken to ensure consumer product safety, including with regard to product recalls. In Australia, product safety regulation is a shared responsibility between the Australian Competition and Consumer Commission and the product regulators in each of the Australian States and Territories. In Australia, all consumer products, regardless of whether they are secondhand or new, must be safe and meet the consumer guarantees under the Australian Consumer Law which include that products are of acceptable quality, match their description and are fit for purpose, and that any express warranties will be met. We must ensure that we meet mandatory reporting requirements if there is a risk that a product is not safe, and that we do not sell banned or recalled products. In addition, some products such as aquatic toys and certain goods designed for use by babies and children are regulated by mandatory product safety standards. There are serious penalties for selling non-compliant products. We must also be registered with the regulatory bodies in each of the Australian States and Territories to sell secondhand goods. Such government regulations could require us to change the way we conduct business in the applicable jurisdictions, such as prohibiting or otherwise restricting the sale or shipment of certain items in some locations. These regulations could result in increased costs or reduced revenue. We could also be subject to fines or other penalties that could harm our business.

Additionally, supplied secondhand items could be subject to recalls and other remedial actions and product safety, labeling and licensing concerns may require us to voluntarily remove certain secondhand items from our stores. Such recalls or voluntary removal of items can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased customer service costs and legal expenses, which could have an adverse effect on our results of operations. Some of the secondhand items sold at our stores may expose us to product liability claims and litigation or regulatory action relating to personal injury, environmental or property damage. We cannot be certain that our insurance coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all.

If our practices were found not to comply with applicable regulatory or licensing requirements or any binding interpretation of such requirements, regulatory authorities could prevent or temporarily suspend us from conducting some or all of our activities or otherwise penalize us. Unfavorable changes or interpretations could decrease demand for our merchandise, limit marketing methods and capabilities, affect our growth, increase costs or subject us to additional liabilities.

Our failure to address risks associated with payment methods, credit card fraud and other consumer fraud, or our failure to control any such fraud, could damage our reputation and brands and could harm our business, results of operations and financial condition.

We have in the past incurred and may in the future incur losses from various types of fraudulent transactions, including the use of stolen credit card numbers, and claims that a customer did not authorize a purchase. In addition, as part of the payment processing process, our customers' credit and debit card information is transmitted to our third-party payment processors, and we may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of our customers' credit or debit card information if the security of our third-party credit card payment processors are breached.

We and our third-party credit card payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we or our third-party credit card payment processors fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers. Further, we could violate or be alleged to have violated applicable laws, regulations, contractual obligations or other obligations, including those regulating to privacy, data protection and data security as outlined above, and including harm to our reputation and market position. Any of these could have an adverse impact on our business, results of operations, financial condition and prospects. Our failure to adequately prevent fraudulent transactions could damage our reputation and market position, result in claims, litigation or regulatory investigations and proceedings or lead to expenses that could harm our business, results of operations and financial condition.

We and our directors and executive officers may be subject to litigation for a variety of claims, which could harm our reputation and adversely affect our business, results of operations and financial condition.

In the ordinary course of business, we have in the past and may in the future be involved in and subject to litigation for a variety of claims or disputes and receive regulatory inquiries. These claims, lawsuits and proceedings could include labor and employment, wage and hour, commercial, consumer protection, regulatory, antitrust, alleged securities law violations or other investor claims, claims that our employees have wrongfully disclosed or we have wrongfully used proprietary information of our employees' former employers and other matters. The number and significance of these potential claims and disputes may increase as our business expands. Further, our general liability insurance may not cover all potential claims made against us or be sufficient to indemnify us for all liability that may be imposed. Any claim against us, regardless of its merit, could be costly, divert management's attention and operational resources, and harm our reputation.

Our directors and executive officers may also be subject to litigation. The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, our amended and restated bylaws and indemnification agreements that we entered into with our directors and executive officers provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law and may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. Such provisions may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against our directors and executive officers as required by these indemnification provisions. We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law. These insurance policies may not cover all potential claims made against our directors and executive officers, may not be available to us in the future at a reasonable rate and may not be adequate to indemnify us for all liability that may be imposed.

As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

Subjective estimates and judgments used by management in the preparation of our financial statements, including estimates and judgments that may be required by new or changed accounting standards, may impact our financial condition and results of operations.

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Due to the inherent uncertainty in making estimates, results reported in future periods may be affected by changes in estimates reflected in our financial statements for earlier periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. From time to time, there may be changes in the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can materially impact how we record and report our financial condition and results of operations. In some instances, we could be required to apply a new or revised standard retrospectively. If the estimates and judgments we use in preparing our financial statements are subsequently found to be incorrect or if we are required to restate prior financial statements, our financial condition or results of operations could be significantly affected.

Tax legislation could adversely affect our business, financial condition and results of operations.

The Tax Cuts and Jobs Act, (the "Tax Act"), among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of "adjusted earnings" (roughly defined as earnings before interest, taxes, depreciation and amortization in the case of taxable years beginning before January 1, 2022 and earnings before interest and taxes thereafter), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. The most significant impacts of the Tax Act on our financial results to date have included lowering of the U.S. federal corporate income tax rate and remeasurement of our net deferred tax liabilities. We continue to examine the impact that the Tax Act may have on our business in the longer term. The U.S. government may enact significant new changes to the taxation of business entities, including, among others, an increase in the U.S. taxation of international business operations. Accordingly, the impact of the Tax Act and any future tax legislation on us is uncertain.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes to offset taxable income or taxes may be limited.

As of December 31, 2022 and January 1, 2022, we did not have U.S. federal net operating loss carryforwards and had $24.6 million and $50.8 million, respectively, of U.S. state net operating loss carryforwards. These net operating loss carryforwards expire between 2024 and 2041. As of December 31, 2022, we had no federal foreign tax credit, no federal R&D credits and $3.2 million of other federal credits that will expire between 2039 and 2042. As of January 1, 2022, we had a federal foreign tax credit of $2.5 million, which will expire in 2026, federal R&D credits of $1.0 million, which will expire between 2039 and 2041, and other federal credits of $5.3 million, which will expire between 2031 and 2041. Portions of these net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities.

Under the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security (the "CARES Act"), U.S. federal net operating losses incurred in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses in taxable years beginning after December 31, 2020, is limited. It is uncertain how various states will respond to the Tax Act and the CARES Act. For state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its postchange income or taxes may be limited. We have experienced such ownership changes in the past, and may experience such ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it would harm our future results of operations by effectively increasing our future tax obligations.

We are subject to various anti-corruption laws and regulations and laws and regulations relating to export controls and economic sanctions. Violations of these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

We are subject to various anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. These laws generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments of cash (or anything else of value) to government officials and other persons in order to obtain or retain business. Our business operations also must be conducted in compliance with applicable export control and economic sanctions laws and regulations, including rules administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, and other relevant authorities.

We strive to conduct our business activities in compliance with relevant anti-corruption and trade control laws and regulations, and we are not aware of issues of historical noncompliance. However, full compliance cannot be guaranteed. Further expansion of our retail or wholesale footprint outside the United States would likely increase our future legal exposure. Violations of anti-corruption or trade control laws and regulations, or even allegations of such violations, could result in civil or criminal penalties, as well as disrupt our business, operations, financial condition and results of operations. Further, changes to the applicable laws and regulations, and/or significant business growth, may result in the need for increased compliance-related resources and costs.

Risks Relating to Our Indebtedness and Liquidity

Our indebtedness could materially adversely affect our financial condition.

We have a significant amount of indebtedness. As of September 30, 2023, our total indebtedness was $818.3 million, including $323.3 million aggregate principal amount outstanding under our Senior Secured Credit Facilities and $495.0 million aggregate principal amount of Notes under the indenture dated as of February 6, 2023, by and among Evergreen AcqCo 1 LP, TVI, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee (the "Indenture"). Under the Senior Secured Credit Facilities, we have the Term Loan Facility and the Revolving Credit Facility. As of

September 30, 2023, we had no advances on the Revolving Credit Facility, there were $1.2 million of letters of credit outstanding and $73.8 million was available to borrow.

Our substantial indebtedness could have important consequences to the holders of our common stock, including the following:

- making it more difficult for us to satisfy our obligations with respect to our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring us to dedicate a substantial portion of our cash flows to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the Senior Secured Credit Facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the Senior Secured Credit Facilities and the Indenture contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Secured Credit Facilities.”

The Term Loan Facility and the Notes will mature on April 26, 2028. The Revolving Credit Facility will mature on April 26, 2026. We may need to refinance all or a portion of our indebtedness on or before the maturity thereof. We may not be able to obtain such financing on commercially reasonable terms or at all. Failure to refinance our indebtedness could have a material adverse effect on us.

We may not be able to generate sufficient cash to service all of our indebtedness or repay such indebtedness when due and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors, some of which are beyond our control. We cannot be sure that our business will generate sufficient cash flows from operating activities, or that future borrowings will be available, to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to implement any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Senior Secured Credit Facilities and the Indenture restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would have a material adverse effect on our financial condition and results of operations.

If we cannot make scheduled payments on our debt, we will be in default, and the lenders under the Senior Secured Credit Facilities could terminate their commitments to loan money, the lenders and the holders of the Notes could foreclose against the assets securing their debt, and we could be forced into bankruptcy or liquidation. Any of these events could result in you losing all or a portion of your investment in the common stock.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks to our financial condition described herein.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the Senior Secured Credit Facilities and the Indenture contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. As of September 30, 2023, we had no advances on the Revolving Credit Facility, there were $1.2 million of letters of credit outstanding and $73.8 million was available to borrow. The Senior Secured Credit Facilities provides for additional uncommitted incremental loans of up to the greater of $136 million and 100% of EBITDA for the most recent four fiscal quarters, plus certain other amounts, with additional incremental loans available if certain leverage ratios are maintained. Of the incremental loans, $15.0 million was permitted to be (and was utilized as) incremental commitments under the Revolving Credit Facility. All of those borrowings would be secured by first-priority liens on our property.

The terms of the Senior Secured Credit Facilities and the Indenture restrict our current and future operations, including our ability to respond to changes or to take certain actions.

The Senior Secured Credit Facilities and the Indenture contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Secured Credit Facilities.” The restrictive covenants under the Senior Secured Credit Facilities include restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- prepay, redeem or repurchase junior debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets or property, except in certain circumstances;
- create or incur liens;
- enter into transactions with affiliates;
- modify or waive certain material agreements in a manner that is adverse in any material respect to the lenders;
- enter into agreements restricting our subsidiaries’ ability to pay dividends; and
- make fundamental changes in our business, corporate structure or capital structure, including, among other things, entering into mergers, acquisitions, consolidations and other business combinations.

As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy.

A breach of the covenants or restrictions under the Senior Secured Credit Facilities or the Indenture could result in a default or an event of default. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Senior Secured Credit Facilities would permit the lenders under the Revolving Credit Facility to terminate all commitments to extend further credit under such facility. Furthermore, if we were unable to repay the amounts due and payable under the Senior Secured Credit Facilities and the Notes, the lenders under the Senior Secured Credit Facilities and the holders of the Notes could proceed against the collateral granted to them to secure that indebtedness. In exacerbated or prolonged circumstances, one or more of these events could result in our bankruptcy or liquidation.

We rely on available borrowings under the Revolving Credit Facility for liquidity, and the availability of credit under the Revolving Credit Facility may be subject to significant fluctuation.

In addition to cash we generate from our business, our principal existing source of liquidity is borrowings available under the Revolving Credit Facility. As of September 30, 2023, there were no advances on the Revolving Credit facility, there were $1.2 million of letters of credit outstanding and $73.8 million was available to borrow. The inability to borrow under the Revolving Credit Facility may adversely affect our liquidity, financial position and results of operations.

We are subject to risks associated with our indebtedness and debt service, including risks related to changes in interest rates.

Borrowings under the Senior Secured Credit Facilities are at variable rates of interest and expose us to interest rate risk. As interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed has remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Based on amounts outstanding as of on September 30, 2023, each 100 basis point change in interest rates would result in a $3.2 million change in annual interest expense on our indebtedness under the Senior Secured Credit Facilities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk.” We enter into interest rate swaps that hedge against changes in interest rates under the Senior Secured Credit Facilities. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments or other instruments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps or other instruments we enter into may not fully mitigate our interest rate risk.

A lowering or withdrawal of the ratings assigned to our debt by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency’s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing.

Our cash could be adversely affected if the financial institutions in which we hold our cash fail.

We maintain domestic cash deposits in Federal Deposit Insurance Corporation (“FDIC”) insured banks. The domestic bank deposit balances may exceed the FDIC insurance limits. These balances could be impacted if one or more of the financial institutions in which we deposit monies fails or is subject to other adverse conditions in the financial or credit markets.

Risks Relating to Ownership of Our Common Stock

The stock price of our common stock may be volatile or may decline regardless of our operating performance.

The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenues or other operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors;
- limited “public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- additional shares of common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales, including if existing stockholders sell shares into the market when the applicable “lock-up” periods end;
- announcements by us or our competitors of significant products or features, innovations, acquisitions, strategic partnerships, joint ventures, capital commitments, divestitures or other dispositions;
- loss of relationships with significant suppliers or customers;
- changes in operating performance and stock market valuations of companies in our industry, including our competitors;
- difficulties in integrating any new acquisitions we may make;
- loss of services from members of management or employees or difficulty in recruiting additional employees;
- worsening of economic conditions in the United States or Canada and reduction in demand for our products;
- price and volume fluctuations in the overall stock market, including as a result of general economic trends;

- the existence of the share repurchase program and any repurchases made or not made under such program, or the modification, suspension or termination of the program;
- lawsuits threatened or filed against us, or events that negatively impact our reputation; and
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect the stock prices of many companies. Often, their stock prices have fluctuated in ways unrelated or disproportionate to their operating performance. In the past, stockholders have filed securities class action litigation against companies following periods of market volatility. Such securities litigation, if instituted against us, could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business.

Future sales of our common stock and other actions by existing stockholders could cause our stock price to decline.

If our existing stockholders, including employees, who have or obtain equity, sell or indicate an intention to sell, substantial amounts of our common stock in the public market after the lock-up and other legal restrictions on resale lapse, the trading price of our common stock could decline.

In connection with our IPO, we and all of our stockholders entered into agreements with the underwriters under which we and they have agreed, subject to certain exceptions, not to dispose of any shares of common stock, any options or warrants to purchase any shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of common stock until 180 days after June 28, 2023. In addition, option grants under our 2019 Management Incentive Plan are subject to a 6-month lockup agreement from the date of the closing of our IPO.

When the lock up period in these agreements expires, we and our stockholders will be able to sell shares in the public market. In addition, J.P. Morgan Securities LLC and Jefferies LLC may release all or some portion of the shares subject to the lock up agreements prior to the expiration of the lock-up period. Sales of a substantial number of such shares, or the perception that such sales may occur, upon the expiration or early release of the securities subject to the lock up agreements could cause the price of our common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

In addition, the Ares Funds have demand and “piggy-back” registration rights with respect to our common stock that they retain following our IPO.

We currently do not intend to pay dividends on our common stock, our indebtedness could limit our ability to pay dividends on our common stock and we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term shareholder value.

We currently do not anticipate paying any cash dividends for the foreseeable future. In addition, the terms of our indebtedness limit our ability to pay dividends or make other distributions on or to repurchase or redeem, shares of our capital stock. Consequently, your only opportunity to achieve a return on your investment in our company may be if the market price of our common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our common stock will ever exceed the price that you pay. We cannot be sure that we will pay dividends in the future or continue to pay dividends if we do commence paying dividends.

In addition, we announced on November 9, 2023 the authorization of a share repurchase program of up to $50.0 million of the Company’s common stock. Under the program, Savers may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. Although our Board of Directors has authorized the share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. In addition, the share repurchase program may be suspended, modified, or terminated at any time without prior notice, which may result in a decrease in the price of our common stock. The amount, timing, and execution of our share repurchase program will be based upon a variety of factors, including the share price of our common stock, general market conditions, alternative uses for capital, our financial performance, and other considerations. Any repurchases will be funded by available cash and cash equivalents. Even if the share repurchase program is fully implemented, it may not enhance long-term stockholder value, and the program could affect the price of our common stock, increase volatility, further limit our “public float” and diminish our cash reserves.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, if they adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations or any financial guidance we may provide, the trading price or trading volume of our common stock could decline.

The trading market for our common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our common stock, provide a more favorable recommendation regarding our competitors or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more analysts who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our common stock to decline.

In addition, if we do not meet any financial guidance that we may provide to the public or if we do not meet expectations of securities analysts or investors, the trading price of our common stock could decline significantly. Our operating results may fluctuate significantly from period to period as a result of changes in a variety of factors affecting us or our industry, many of which are difficult to predict. As a result, we may experience challenges in forecasting our operating results for future periods.

Future issuances of our common stock could result in significant dilution to our stockholders, dilute the voting power of our common stock and depress the market price of our common stock.

Future issuances of our common stock could result in dilution to existing holders of our common stock. Such issuances, or the perception that such issuances may occur, could depress the market price of our common stock. We may issue additional equity securities from time to time, including equity securities that could have rights senior to those of our common stock. As a result, holders of shares of common stock bear the risk that future issuances of equity securities may reduce the value of their shares and dilute their ownership interests. Also, to the extent outstanding stock-based awards are issued or become vested, there will be further dilution to the holders of our common stock.

Risks Relating to Our Organizational Structure

Our reliance on dividends, distributions and other payments from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are dependent upon cash distributions and other transfers from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could impair their ability to make distributions to us.

The continuing control of our company, including the right to designate individuals to be included in the slate of nominees for election to our board of directors, by the Ares Funds, whose interests may conflict with our interests and those of other stockholders. As such, the Ares Funds may be able to influence or control our affairs and policies.

The Ares Funds beneficially own 83.9% of our common stock. Pursuant to the Stockholders Agreement between the Ares Funds and the Company, dated as of July 3, 2023, the Ares Funds have the right to designate a number of individuals to be included in the slate of nominees for election to our board of directors equal to the greater of up to six directors and the number of directors comprising a majority of our board of directors for so long as the Ares Funds own 40% or more of the outstanding shares of our common stock. The Stockholders Agreement provides that the Ares Funds will be able to nominate a specified number of directors to our board based on its beneficial ownership of our common stock.

Because our board of directors is divided into three staggered classes, the Ares Funds may be able to influence or control our affairs and policies even after they cease to own a majority of our outstanding common stock during the period in which the Ares Funds' nominees finish their terms as members of our board, but in any event no longer than would be permitted under applicable law and the NYSE listing requirements. Therefore, for so long as the Ares Funds continue to own 40% or more of our common stock, individuals affiliated with the Ares Funds will have the power to elect a majority of our directors and will have effective control over the outcome of votes on all matters requiring approval by our board of directors or our stockholders regardless of whether other stockholders believe such matter is in our best interests.

In addition, the Stockholders Agreement provides that, for so long as the Ares Funds own at least 30% of the outstanding shares of our common stock, certain significant corporate actions will require the prior written consent of the Ares Funds, subject to certain exceptions.

These actions include, subject to certain exceptions:

- merging or consolidating with or into any other entity, or transferring all or substantially all of our assets, taken as a whole, to another entity, or undertaking any transaction that would constitute a "Change of Control" as defined in our debt agreements;
- acquiring or disposing of assets, in a single transaction or a series of related transactions, or entering into joint ventures, in each case with a value in excess of $50.0 million;
- incurring indebtedness in a single transaction or a series of related transactions in an aggregate principal amount in excess of $100.0 million;
- issuing our or our subsidiaries' equity other than pursuant to an equity compensation plan approved by our stockholders or a majority of the directors designated by the Ares Funds;
- appointing and removing our chief executive officer;
- entering into any transactions, agreements, arrangements or payments with any other person who owns greater than or equal to 10% of our common stock then outstanding that are material or involve aggregate payments or receipts in excess of $500,000;
- amending, modifying or waiving any provision of our organizational documents in a manner that adversely affects the Ares Funds;

- commencing any liquidation, dissolution or voluntary bankruptcy, administration, recapitalization or reorganization;
- increasing or decreasing the size of our board of directors; and
- entering into of any agreement to do any of the foregoing.

The interests of Ares, its affiliates and managed accounts could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by the Ares Funds could delay, defer or prevent a change in control of our company or impede a merger, takeover or other business combination which may otherwise be favorable for us. Additionally, Ares, its affiliates and managed accounts are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor. So long as funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares continue to directly or indirectly own a significant amount of our equity, even if such amount is less than 40%, Ares will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions.

Our status as a "Controlled Company" within the meaning of the NYSE rules, and our exemption from certain corporate governance requirements.

Funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares control a majority of the voting power of our outstanding voting stock, and as a result we are a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating, corporate governance and sustainability committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We intend to utilize these exemptions as long as we remain a controlled company. As a result, we will not have a majority of independent directors and our nominating, corporate governance and sustainability committee and compensation committee will not consist entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

Pursuant to Rule 10C-1 under the Exchange Act, the NYSE has adopted amendments to its listing standards that require, among other things, that:

- compensation committees be composed of fully independent directors, as determined pursuant to new independence requirements;
- compensation committees be explicitly charged with hiring and overseeing compensation consultants, legal counsel, and other committee advisors; and
- compensation committees be required to consider, when engaging compensation consultants, legal counsel, or other advisors, certain independence factors, including factors that examine the relationship between the consultant or advisor's employer and us.

As a "controlled company," we will not be subject to these compensation committee independence requirements.

Certain provisions in our certificate of incorporation and our bylaws that may delay or prevent a change of control.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that our stockholders may deem advantageous. In particular, our certificate of incorporation and bylaws:

- establish a classified board of directors so that not all members are elected at one time, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- permit our board of directors to establish the number of directors and fill any vacancies (including vacancies resulting from an expansion in the size of our board of directors), except in the case of the vacancy of an Ares Funds-designated director (in which case the Ares Funds will be able to fill the vacancy);
- establish limitations on the removal of directors;

- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that our board of directors is expressly authorized to make, alter or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware;
- provide that stockholders may not act by written consent following the time when the Ares Funds cease to beneficially own at least a majority of the shares of our outstanding common stock, which time we refer to as the Trigger Date, which would require stockholder action to be taken at an annual or special meeting of our stockholders;
- prohibit stockholders from calling special meetings following the Trigger Date, which would delay the ability of our stockholders to force consideration of a proposal or to take action, including with respect to the removal of directors; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of us.

Section 203 of the Delaware General Corporation Law, or the DGCL, prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person, individually or together with any other interested stockholder, who owns or within the last three years has owned 15% of our voting stock, unless the business combination is approved in a prescribed manner. We have elected to opt out of Section 203 of the DGCL. However, our certificate of incorporation contains a provision that is of similar effect, except that it exempts from its scope the Ares Funds, any of their affiliates and certain of their respective direct or indirect transferees.

Any provision of our certificate of incorporation, our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of common stock and could also affect the price that some investors are willing to pay for our common stock.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for a wide range of disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our certificate of incorporation or our bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the exclusive-forum provisions in our certificate of incorporation.

The exclusive-forum provisions also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive-forum provision. However, there is substantial uncertainty as to whether a court would enforce the exclusive-forum provisions relating to causes of action arising under the Securities Act. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. This decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If a court were to find any of the exclusive-forum provisions in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

These exclusive-forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage lawsuits against us and our directors, officers and employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder.

Our certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

Under our certificate of incorporation, neither the Ares Funds nor any of their affiliates or their respective portfolio companies or affiliated funds, nor any of their respective officers, directors, employees, agents, stockholders, members or partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, employee, agent, stockholder, member, partner or affiliate of the Ares Funds or their affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to the Ares Funds or their affiliates, instead of to us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, agent, stockholder, member, partner or affiliate has directed to the Ares Funds or their affiliates. For example, a director of our company who also serves as an officer, director, employee, agent, stockholder, member, partner or affiliate of the Ares Funds or their affiliates, or any of their respective portfolio companies or affiliated funds may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if attractive corporate opportunities are allocated by an Ares Fund to itself or their affiliates or their respective portfolio companies or affiliated funds instead of to us.

General Risks

We depend on our executive officers and other key technical, operational and sales employees, and the loss of one or more of these employees or an inability to attract and retain other highly skilled employees could harm our business.

Our success depends largely upon the continued services of our executive officers and other key technical, operational and sales employees. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. Our employment agreements with our executive officers or other key personnel do not require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers, especially our Chief Executive Officer, or other executive officers or key technical, operational and sales employees could harm our business.

Volatility or lack of appreciation in the stock price of our common stock may also affect our ability to attract and retain our executive officers and key technical, operational and sales employees. Many of our senior personnel and other key technical, operational and sales employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase price of the shares or the exercise price of the options, or conversely, if the exercise price of the options that they hold are significantly above the market price of our common stock. If we do not maintain and continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, craftsmanship, teamwork, curiosity and diversity that we believe we need to support our continued growth.

Use of social media, emails and text messages may adversely impact our reputation or subject us to fines or other penalties.

We use social media, emails, push notifications and text messages as part of our omni-channel approach to marketing. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees or third parties acting at our direction to comply with applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, customers or others. Information concerning us, our customers and the brands available at our stores, whether accurate or not, may be posted on social media platforms at any time and may have an adverse impact on our brands, reputation or business. Any such harm may be immediate without affording us an opportunity for redress or correction and could have an adverse effect on our reputation, business, results of operations, financial condition and prospects.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly-traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations and financial condition.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of the NYSE and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we will need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. For example, in March 2022, the SEC issued a proposed rule requiring public companies to disclose information regarding their climate-related risks in their annual filings and registration statements. On July 26, 2023, the SEC also adopted final rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and to annually disclose their cybersecurity risk management, strategy, and governance. We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

New rules and regulations may make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition are more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, results of operations and financial condition could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Recent Sales of Unregistered Securities

None.

(b) Use of Proceeds

The registration statement related to our IPO was declared effective on June 28, 2023, and our common stock began trading on the New York Stock Exchange on June 29, 2023. On July 3, 2023, we completed our IPO for the sale of 18.8 million shares of our common stock, $0.000001 par value per share, at a public offering price of $18.00 per share. Net proceeds to the Company from the IPO were $295.0 million after deducting underwriting discounts and commissions of $22.8 million and offering expenses of $19.7 million. On July 3, 2023 and July 5, 2023, respectively, the Company used the net proceeds from its IPO together with cash on its balance sheet to redeem $55.0 million aggregate principal amount of Notes and to repay $252.4 million aggregate principal amount of outstanding borrowings under the Term Loan Facility. In addition to paying accrued interest on these borrowings, the Company also paid a premium of 3%, or $1.7 million, on the partial redemption of the Notes. These transactions resulted in a loss on extinguishment of debt of $10.6 million.

Certain funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares Management Corporation (the "selling stockholders") sold 6.9 million shares, including 3.3 million shares pursuant to the exercise of the underwriters' over-allotment option. The Company did not receive any proceeds from sales made by the selling stockholders.None.

(c) Issuer Purchases of Equity Securities

Savers Value Village announced on November 9, 2023 the authorization of a share repurchase program of up to $50.0 million of the Company's common stock. Under the program, Savers may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. The Company did not repurchase any of its shares during the third quarter of 2023. None.

Item 3. Defaults Upon Senior Securities

(a) None.

(b) None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Plan Elections

During the third first quarter of 2023, the adoption 2024, no executive officer or termination of director adopted or terminated any contracts, instructions or written plans for the purchase or sale of our securities, by our executive officers and directors, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan"), were as follows:

William Allen, a member of our Board of Directors, entered into a Rule 10b5-1 Plan on September 15, 2023. Mr. Allen's plan provides for the potential exercise of vested stock options and the associated sale of up to 55,104 shares of Savers common stock. The plan expires on September 30, 2024, or upon earlier completion of all authorized transactions under the plan.

Robyn Collver, a member of our Board of Directors, entered into a Rule 10b5-1 Plan on September 15, 2023. Ms. Collver's plan provides for the potential exercise of vested stock options and the associated sale of up to 30,737 shares of Savers common stock. The plan expires on September 30, 2024, or upon earlier completion of all authorized transactions under the plan.

Jubran Tanious, President and Chief Operating Officer, entered into a Rule 10b5-1 Plan on September 15, 2023. Mr. Tanious' plan provides for the potential exercise of vested stock options and the associated sale of up to 428,105 shares of Savers common stock. The plan expires on December 31, 2024, or upon earlier completion of all authorized transactions under the plan.

Mindy Geisser, Chief People Services Officer, entered into a Rule 10b5-1 Plan on September 15, 2023. Ms. Geisser's plan provides for the potential exercise of vested stock options and the associated sale of up to 104,000 shares of Savers common stock. The plan expires on December 31, 2024, or upon earlier completion of all authorized transactions under the plan.

Richard Medway, General Counsel, Chief Compliance Officer and Secretary, entered into a Rule 10b5-1 Plan on September 15, 2023. Mr. Medway's plan provides for the potential exercise of vested stock options and the associated sale of up to 160,004 shares of Savers common stock. The plan expires on December 31, 2024, or upon earlier completion of all authorized transactions under the plan.

Scott Estes, Senior Vice President of Finance, entered into a Rule 10b5-1 Plan on September 7, 2023. Mr. Este's plan provides for the potential exercise of vested stock options and the associated sale of up to 158,400 shares of Savers common stock. The plan expires on August 14, 2024, or upon earlier completion of all authorized transactions under the plan.

Item 6. Exhibits and financial statement schedules.

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Index

Exhibit Number	Description of Document
3.1**	Amended and Restated Certificate of Incorporation of the Company
3.2**	Amended and Restated Bylaws of the Company
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2023, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income, (iii) Condensed Consolidated Statements of Stockholders' (Deficit) Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Interim Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
Exhibit 104	The cover page from the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2023, formatted in Inline XBRL (included within Exhibit 101).

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	

10.1	Third Amendment to Credit Agreement, dated as of January 30, 2024, by and among Evergreen Acqco 1 LP, as US Borrower, Value Village Canada Inc., as Canadian Borrower, S-Evergreen Holding Corp., as Holdings, Evergreen Acqco GP LLC, as Holdings GP, the other Guarantors party thereto and KKR Loan Administration Services LLC, as Administrative Agent and Collateral Agent.	10-K	10.5	3/8/2024	
10.2#	2024 Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan				X
10.3#	2024 Form of Option Agreement under the Omnibus Incentive Compensation Plan				X
10.4#	Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan for Non-Employee Directors				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)				X
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)				X
Exhibit 101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Stockholders' Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Interim Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.				
Exhibit 104	The cover page from the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 30, 2024, formatted in Inline XBRL (included within Exhibit 101).				

* Filed herewith.

** Incorporated by reference to the same titled exhibit to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 3, 2023. # Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date:	November May 10, 2023 2024	By:	/s/ Jay Stasz
			Jay Stasz
			Chief Financial Officer and Treasurer
			(Principal Financial Officer)

SAVERS VALUE VILLAGE, INC.
OMNIBUS INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), dated as of [●] (the "Date of Grant"), is delivered by Savers Value Village, Inc.(the "Company") to [●] (the "Participant").

RECITALS

The Savers Value Village, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of restricted stock units in accordance with the terms and conditions of the Plan. The Committee has decided to make this grant of restricted stock units as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants the Participant [●] restricted stock units, subject to the restrictions set forth below and in the Plan (the "Stock Units"). Each Stock Unit represents the right of the Participant to receive a share (a "Share") of common stock of the Company, an amount of cash based on the value of a Share, or any combination of the foregoing, as determined by the Committee, if and when the specified conditions are met in Section 3 below, and on the applicable payment date set forth in Section 5 below.

2. Stock Unit Account. Stock Units represent hypothetical Shares, and not actual Shares. The Company shall establish and maintain a Stock Unit account, as a bookkeeping account on its records, for the Participant and shall record in such account the number of Stock Units granted to the Participant. No Shares shall be issued to the Participant at the time the grant is made, and the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Stock Units recorded in the Stock Unit account. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Stock Unit account established for the Participant.

3. Vesting.

(a) Subject to the terms of this Section 3, the Stock Units shall become vested according to the following schedule (each, a "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the applicable Vesting Date:

VESTING DATE	VESTING AMOUNT

(b)The vesting of the Stock Units is cumulative but shall not exceed 100% of the Stock Units. If the foregoing schedule would produce fractional Stock Units, the number of Stock Units that vest shall be rounded down to the nearest whole Stock Unit and the fractional Stock Units will be accumulated so that the resulting whole Stock Units will be included in the number of Stock Units that become vested on the last Vesting Date.

(c) In the event of the Participant's termination of employment as a result of the Participant's death or Disability, all unvested Stock Units (if any) shall become vested as of the date of the Participant's termination of employment.

(d) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before all of the Stock Units vest in accordance with Section 3(a) or Section 3(c) above, the provisions of the Plan applicable to a Change of Control shall apply to the Stock Units, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting of the Stock Units as it deems appropriate pursuant to the Plan.

4. Termination of Stock Units. Except as set forth in this Agreement, if the Participant ceases to be employed by, or provide service to, the Employer for any reason before all of the Stock Units vest, any unvested Stock Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of employment or service. No payment shall be made with respect to any unvested Stock Units that terminate as described in this Section 4.

5. Payment of Stock Units and Tax Withholding.

(a) If and when the Stock Units vest, the Company shall issue to the Participant one Share for each vested Stock Unit, or an amount of cash equal to the value of a Share for each vested Stock Unit, or a combination of the foregoing, subject to applicable tax withholding

obligations. Subject to Sections 5(b) and 14 below, payment shall be made within 30 days after the applicable Vesting Date.

(b) All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. At such time as the Committee may determine in its discretion under the Plan, at the time of payment in accordance with Section 5(a) above, or if applicable, at the time the Stock Units vest, the number of Shares issued to the Participant shall be reduced by a number of Shares with a Fair Market Value (measured as of the Vesting Date) equal to an amount of the FICA, federal income, state, local and other tax liabilities required by law to be withheld with respect to the payment of the Stock Units. To the extent not withheld in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Employer or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Stock Units.

(c) The obligation of the Company to deliver Shares shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Shares, the Shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Shares, if any, to the Participant pursuant to this Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof.

6. Restrictive Covenants. The Participant acknowledges that the Stock Units serve as consideration for the covenants set forth in Addendum A. Addendum A constitutes part of this Agreement and is incorporated herein by reference. Notwithstanding the foregoing, Addendum A shall not apply to any Participant whose title as of the Date of Grant is Store Manager or Operations Manager CPC.

7. No Stockholder Rights; Dividend Equivalents. Neither the Participant, nor any person entitled to exercise Participant's rights or receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares underlying the Stock Units, including voting or dividend rights, until the Shares have been issued upon payment of the Stock Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to Stock Units.Notwithstanding the foregoing, the Committee may grant to the Participant Dividend Equivalents on the Shares underlying the Stock Units prior to the Vesting Date, which shall be credited to the Stock Unit account for the Participant and will be paid or distributed in in accordance with this Agreement and the Plan.

8. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Stock Units are subject to the provisions of the Plan

and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

9. No Employment or Other Rights. The grant of the Stock Units shall not confer upon the Participant any right to be retained by or in the employ or service of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment or service at any time. The right of any Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

10. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Stock Units or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Stock Units by notice to the Participant, and the Stock Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

11. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States

District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Wilmington, Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives Shares hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel and, except as provided in Section 15, any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer. Except as provided in Section 15, any notice shall be delivered by electronic mail to the Participant at the email address currently on file in the Company's records, by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, to an internationally recognized expedited mail courier.

13. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Stock Units, and the right to receive and retain any Shares, or the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares, covered by this Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under the Plan and any "clawback" or similar policy of the Company in effect on the Date of Grant or that may be established thereafter. By accepting the Stock Units, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Stock Units or Shares or amounts paid under the Stock Units subject to clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Stock Unit or Shares or amount paid from the Participant's accounts, or pending or future compensation or Grants under the Plan.

14. Application of Section 409A of the Code. This Agreement is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code. Notwithstanding the foregoing, if the Stock Units constitute "deferred compensation" under Section 409A of the Code and the Stock Units become vested and settled upon the Participant's termination of employment, payment with respect to the Stock Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under Section 409A of the Code and if required pursuant to Section 409A of the Code. If payment is delayed, the Stock Units shall be settled and paid within thirty (30) days after the date that is six (6) months following the Participant's termination of employment. Payments with respect to the Stock Units may only be paid in a manner and upon an event permitted by Section 409A of the Code, and each payment under the Stock Units shall be treated as a separate payment, and the right to a series of installment payments under the Stock Units shall be treated as a right to a series of separate payments. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Company may change or modify the terms of this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the previous sentence, the Company may also amend the Plan or this Agreement or revoke the Stock Units to the extent permitted by the Plan.

15. Electronic Delivery. The Employer may, in its sole discretion, deliver any documents relating to the Participant's Stock Units and the Participant's participation in the Plan, or future Grants that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Employer or another third-party designated by the Company.

16. Severability. If any provision of this Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining

provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

17. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

18. Amendment. Except as permitted by the Plan, this Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

20. Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

SAVERS VALUE VILLAGE, INC.

Name: Mark Walsh
Title: Chief Executive Officer

I hereby accept the Stock Units described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

______________________________ ____________________________________

Date Participant

ADDENDUM A TO THE AGREEMENT

RESTRICTIVE COVENANTS

This Addendum A include additional terms and conditions applicable to the Participant if the Participant as a condition of the Participant's receipt of the Stock Units***, provided that this Addendum A shall not apply to any Participant whose title as of the Date of Grant is Store Manager or Operations Manager CPC***. Capitalized terms used but not defined in this Addendum A are defined in the Plan or the Agreement and have the meanings set forth therein.

(a) The Participant acknowledges that the Stock Units serve as consideration for the covenants in this Addendum A.

(b) Confidentiality. The Participant recognizes that the services to be performed by him or her are special, unique and extraordinary in that, by reason of his or her past, present and future employment with the Employer, he or she may acquire or has acquired Confidential Information and trade secrets concerning the operations of the Employer, the use or disclosure of which could cause the Employer substantial loss and damages which could not be readily calculated and for which no remedy at law would be adequate. Accordingly, the Participant covenants and agrees with the Employer that he or she will not at any time, except in performance of the Participant's obligations to the Employer or with the prior written consent of the Board, directly or indirectly, disclose any secret or Confidential Information that he or she may learn or has learned by reason of his or her association with the Employer, or any predecessors to its business, or use any such information to the detriment of the Employer. The term "Confidential Information" includes, without limitation, information not previously disclosed to the public or to the trade by the Employer's management with respect to the Employer's business plans, prospects and opportunities, the identity of and information concerning clients, non-profit partners, suppliers or customers, information regarding operational strengths and weaknesses, trade secrets, know-how and other intellectual property, systems, procedures, manuals, confidential reports, product price lists, marketing plans or strategies, and financial information. "Confidential Information" does not include information in the public domain, so long as such information did not become part of the public domain through the actions of Participant. Participant understands and agrees that the rights and obligations set forth in this Section (b) are perpetual and, in any case, shall extend beyond Participant's employment.

(c) Non-competition. The Participant hereby covenants and agrees, for the benefit of Employer that, for the Restricted Period (as defined below), the Participant will not, directly or indirectly, engage in, whether as principal, agent, officer, director, investor, consultant, stockholder, lender, partner, member, owner, sponsor, or otherwise, alone or in association with any other Person (except for ownership of no more than three percent (3%) of any class of publicly traded securities), carry on, manage, operate, finance, sponsor, or become engaged or concerned in, or otherwise take part in, a business, anywhere in the United States, or any U.S. state, Canada, or any Canadian province, or Australia, or any Australian state, (the "Territory") consisting of operating thrift retail stores and selling in such format used apparel and hard goods sourced through the purchase of donations to charitable organizations (collectively, referred to as

the "Business"). The "Restricted Period" is the term of the Participant's employment with the Company. If any portion of the restricted geographic area in any state or province shall be adjudicated in such state or province to be invalid or unenforceable as so identified, such identification shall be deemed amended to properly reflect the largest aggregate geographic area in such state or province which would be valid and enforceable under the laws of such state or province; provided, however, that such invalidity or unenforceability shall apply only with respect to part or all of the restricted geographic area in the particular state or province in which such adjudication is made. The Participant recognizes that the territorial and time limitations set forth in this Section (c) are reasonable, not burdensome and are properly required by law for the adequate protection of Employer.

(d) Non-solicitation.

(i) The Participant agrees that during the Restricted Period, the Participant shall not, either directly or indirectly, solicit or recruit any of Employer's employees, consultants, contractors, agents or representatives to leave their employment or engagement with Employer, or attempt to solicit or recruit employees, consultants, contractors, agents or representatives of Employer, either on behalf of the Participant or for any other Person, to leave their employment or engagement with Employer.

(ii) The Participant agrees that during the Restricted Period, the Participant shall not, either directly or indirectly, induce or solicit any non-profit organization that has supplied goods to the Employer (or allowed the Employer to accept goods on its behalf) in the previous three years to either (i) reduce or modify such organization's relationship with the Employer, or (ii) to enter into any relationship whereby such organization would supply goods, or allow acceptance of goods on its behalf, by any Person engaged in the Business.

(e) Protection of Trade Secrets. The Participant hereby acknowledges that he or she has, by means of his or her ownership interest in the Employer, or through employment with the Employer or through any other similar means, access to the Employer's trade secret, confidential and proprietary information, including information relating to the operations of the Employer and its customers ("Trade Secrets") which information the Participant understands the Employer spends and has spent considerable time, expense and effort to develop and keep confidential. In order to protect such Trade Secrets and customer goodwill, the Participant hereby agrees that during the Restricted Period, the Participant will not, either on the Participant's behalf or on behalf of any other Person, (a) call on, solicit, induce or attempt to induce any recycler or other corporate customer, vendor, trade related business relation of or other persons under contract or otherwise doing business with the Employer (whether past, present or prospective) to cease doing business, reduce or alter any business with the Employer, or (b) in any way interfere with the relationship between any such corporate customer, vendor, trade related business relation or other Person under contract with or doing business with the Company and the Employer.

(f) Nondisparagement. The Participant shall not make or publish any untruthful statement (orally or in writing) that intentionally libels, slanders, disparages or otherwise defaces the goodwill or reputation (whether or not such disparagement legally constitutes libel or

slander) of the Employer. The foregoing provisions of this Section (f) shall not apply to truthful testimony in a judicial or administrative proceeding.

(g) Permitted Conduct. Nothing in this Agreement shall prohibit or restrict the Participant from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by any governmental or regulatory agency, entity, or official(s) (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to the Participant individually (and not directed to the Employer) from any such Governmental Authorities; (c) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (d) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Further, nothing in this agreement prevents the Participant from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Participant has reason to believe is unlawful. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made to the Participant's attorney in relation to a lawsuit for retaliation against the Participant for reporting a suspected violation of law; or (iii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nor does this Agreement require the Participant to obtain prior authorization from the Employer before engaging in any conduct described in this paragraph, or to notify the Employer that the Participant engaged in any such conduct.

(h) Injunctive Relief. The Participant acknowledges that a breach by him or her of the provisions of this Agreement cannot be reasonably or adequately compensated in damages in an action at law and that such breach will cause the Employer irreparable injury and damage. Consequently, the Participant agrees that the Employer shall be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to temporary, preliminary and/or permanent injunctive and other equitable relief to prevent or curtail any breach of this Agreement (without the requirement to post a bond); provided, however, that no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of a breach.

(i) Other Restrictive Covenants. The provisions of this Addendum A shall be in addition to, and shall not modify or supersede, any other restrictive covenants to which the Participant is subject pursuant to an agreement with the Employer.

(j) Construction/Blue Pencil. The parties agree that the provisions of this Addendum A shall be enforced to the fullest extent permissible under applicable laws and public policies. Accordingly, if any term or provision of this Agreement or any portion thereof is declared illegal or unenforceable by any arbitrator or court of competent jurisdiction, such provision or portion thereof shall be deemed modified so as to render it enforceable, and to the extent such provision

or portion thereof cannot be rendered enforceable, this Agreement shall be considered divisible as to such provision, which shall become null and void, leaving the remainder of this Agreement in full force and effect.

SAVERS VALUE VILLAGE, INC.
OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT AGREEMENT

This NONQUALIFIED STOCK OPTION GRANT AGREEMENT (the "Agreement"), dated as of [●] (the "Date of Grant"), is delivered by Savers Value Village, Inc. (the "Company") to [●] (the "Participant").

RECITALS

The Savers Value Village, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of stock options to purchase shares of Company common stock ("Company Stock"). The Committee has decided to make this nonqualified stock option grant as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Option. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants to the Participant a nonqualified stock option (the "Option") to purchase [●] shares of Company Stock (each a "Share", and together the "Shares") at an Exercise Price of $[●] per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option.

(a) Subject to the terms of this Section 2, the Option shall become vested according to the following schedule (each a "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the applicable Vesting Date.

VESTING DATE	VESTING AMOUNT

(b) The vesting and exercisability of the Option is cumulative but shall not exceed 100% of the Shares subject to the Option. If the terms set forth on in Section 2(a) would produce fractional Shares, the number of Shares for which the Option becomes vested and exercisable shall be rounded down to the nearest whole Share and the fractional Shares will be accumulated

so that the resulting whole Shares will be included in the number of Shares for which the Option becomes vested and exercisable on the last Vesting Date.

(c) In the event of the Participant's termination of employment as a result of the Participant's death or Disability, all unvested the Shares subject to the Option (if any) shall become vested as of the date of the Participant's termination of employment.

(d) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before the Option is fully vested and exercisable, the provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting and exercisability of the Option as it deems appropriate pursuant to the Plan.

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period, unless it is terminated at an earlier date pursuant to the provisions of this Agreement or the Plan. Notwithstanding the foregoing, in the event that on the last business day of the term of the Option, the exercise of the Option is prohibited by applicable law, including a prohibition on purchases or sales of Company Stock under the Company's insider trading policy, and provided that the Fair Market Value of a share of Company Stock is greater than the Exercise Price of the Option as of such last business day, the term of the Option shall be extended for a period of 30 days following the end of the legal prohibition, unless the Committee determines otherwise.

(b) The Option shall automatically terminate upon the happening of the first of the following events:

(i) The expiration of the 90-day period after the Participant ceases to be employed by, or provide service to, the Employer, if the termination is for any reason other than Disability, death or Cause.

(ii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer on account of the Participant's Disability.

(iii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer, if the Participant dies while employed by, or providing service to, the Employer or the Participant dies within 90 days after the Participant ceases to be so employed or to provide services to the Employer for any reason other than Disability, death or Cause.

(iv) The date on which the Participant ceases to be employed by, or provide service to, the Employer for Cause. In addition, notwithstanding the prior provisions of

this Section 3, if the Participant engages in conduct that constitutes Cause after the Participant's employment or service terminates, the Option shall immediately terminate.

Notwithstanding the foregoing, in no event may the Option be exercised after the date that is immediately before the tenth anniversary of the Date of Grant, except as provided under Section 3(a) above. Any portion of the Option that is not exercisable at the time the Participant ceases to be employed by, or provide service to, the Employer shall immediately terminate.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving the Company or its delegate written notice of intent to exercise in a form permitted by the Company, specifying the number of shares of Company Stock as to which the Option is to be exercised and such other information as the Company or its delegate may require.

(b) At such time as the Committee shall determine, the Participant shall pay the Exercise Price (i) in cash, (ii) if permitted by the Committee in its sole discretion, by delivering shares of Company Stock owned by the Participant, which shall be valued at their Fair Market Value on the date of exercise, or by attestation (in accordance with procedures prescribed by the Company) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) if permitted by the Committee in its sole discretion, by surrendering shares of Company Stock subject to the exercisable Option for an appreciation distribution payable in Shares with a Fair Market Value on the date of exercise equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion exceeds the aggregate Exercise Price payable for the Shares ("net exercise"), or (v) by such other method as the Committee may approve, to the extent permitted by applicable law. The Committee may impose from time to time such limitations as it deems appropriate on the use of shares of Company Stock to exercise the Option.

(c) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations.

(d) All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant shall be required to pay to the Employer or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Option. If permitted by the Committee, the Participant may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld to satisfy the applicable withholding tax rate for FICA, federal, state, local and other tax liabilities.

(e) Upon exercise of the Option (or portion thereof), the Option (or portion thereof) will terminate and cease to be outstanding.

5. Restrictions on Exercise. Except as the Committee may otherwise permit pursuant to the Plan, only the Participant may exercise the Option during the Participant's lifetime and, after the Participant's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Participant, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

6. Restrictive Covenants. The Participant acknowledges that the Option serves as consideration for the covenants set forth in Addendum A. Addendum A constitutes part of this Agreement and is incorporated herein by reference. Notwithstanding the foregoing, Addendum A shall not apply to any Participant whose title as of the Date of Grant is Store Manager or Operations Manager CPC.

7. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Option shall not confer upon the Participant any right to be retained by or in the employ or service of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment or service at any time. The right of any Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

9. No Stockholder Rights. Neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until Shares are issued upon the exercise of the Option.

10. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Participant, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

11. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Wilmington, Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel and, except as provided in Section 15, any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer. Except as provided in Section 15, any notice shall be delivered by electronic mail to the Participant at the email address currently on file in the Company's records, by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, to an internationally recognized expedited mail courier.

13. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Option, and the right to receive and retain any Shares, or the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares, covered by this Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under the Plan and any "clawback" or similar policy of the Company in effect on the Date of Grant or that may be established thereafter. By accepting the Option, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Option or Shares or amounts paid under the Option subject to clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Option or Shares or amount paid from the Participant's accounts, or pending or future compensation or Grants under the Plan.

14. Application of Section 409A of the Code. The Grant under this Agreement is intended to be exempt from section 409A of the Code and to the extent this Agreement is subject to section 409A of the Code, it will in all respects be administered in accordance with section 409A of the Code.

15. Electronic Delivery. The Employer may, in its sole discretion, deliver any documents relating to the Participant's Option and the Participant's participation in the Plan, or future Grants that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Employer or another third-party designated by the Company.

16. Severability. If any provision of this Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

17. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

18. Amendment. Except as permitted by the Plan, this Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

20. Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

[***Signature Page Follows***]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

SAVERS VALUE VILLAGE, INC.

Name: Mark Walsh
Title: Chief Executive Officer

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

Participant:
Date:

ADDENDUM A TO THE AGREEMENT

RESTRICTIVE COVENANTS

This Addendum A include additional terms and conditions applicable to the Participant if the Participant as a condition of the Participant's receipt of the Option***, provided that this Addendum A shall not apply to any Participant whose title as of the Date of Grant is Store Manager or Operations Manager CPC***. Capitalized terms used but not defined in this Addendum A are defined in the Plan or the Agreement and have the meanings set forth therein.

(a) The Participant acknowledges that the Option serves as consideration for the covenants in this Addendum A.

(b) Confidentiality. The Participant recognizes that the services to be performed by him or her are special, unique and extraordinary in that, by reason of his or her past, present and future employment with the Employer, he or she may acquire or has acquired Confidential Information and trade secrets concerning the operations of the Employer, the use or disclosure of which could cause the Employer substantial loss and damages which could not be readily calculated and for which no remedy at law would be adequate. Accordingly, the Participant covenants and agrees with the Employer that he or she will not at any time, except in performance of the Participant's obligations to the Employer or with the prior written consent of the Board, directly or indirectly, disclose any secret or Confidential Information that he or she may learn or has learned by reason of his or her association with the Employer, or any predecessors to its business, or use any such information to the detriment of the Employer. The term "Confidential Information" includes, without limitation, information not previously disclosed to the public or to the trade by the Employer's management with respect to the Employer's business plans, prospects and opportunities, the identity of and information concerning clients, non-profit partners, suppliers or customers, information regarding operational strengths and weaknesses, trade secrets, know-how and other intellectual property, systems, procedures, manuals, confidential reports, product price lists, marketing plans or strategies, and financial information. "Confidential Information" does not include information in the public domain, so long as such information did not become part of the public domain through the actions of Participant. Participant understands and agrees that the rights and obligations set forth in this Section (b) are perpetual and, in any case, shall extend beyond Participant's employment.

(c) Non-competition. The Participant hereby covenants and agrees, for the benefit of Employer that, for the Restricted Period (as defined below), the Participant will not, directly or indirectly, engage in, whether as principal, agent, officer, director, investor, consultant, stockholder, lender, partner, member, owner, sponsor, or otherwise, alone or in association with any other Person (except for ownership of no more than three percent (3%) of any class of publicly traded securities), carry on, manage, operate, finance, sponsor, or become engaged or concerned in, or otherwise take part in, a business, anywhere in the United States, or any U.S. state, Canada, or any Canadian province, or Australia, or any Australian state, (the "Territory") consisting of operating thrift retail stores and selling in such format used apparel and hard goods sourced through the purchase of donations to charitable organizations (collectively, referred to as

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the "Business"). The "Restricted Period" is the term of the Participant's employment with the Company. If any portion of the restricted geographic area in any state or province shall be adjudicated in such state or province to be invalid or unenforceable as so identified, such identification shall be deemed amended to properly reflect the largest aggregate geographic area in such state or province which would be valid and enforceable under the laws of such state or province; provided, however, that such invalidity or unenforceability shall apply only with respect to part or all of the restricted geographic area in the particular state or province in which such adjudication is made. The Participant recognizes that the territorial and time limitations set forth in this Section (c) are reasonable, not burdensome and are properly required by law for the adequate protection of Employer.

(d) Non-solicitation.

(i) The Participant agrees that during the Restricted Period, the Participant shall not, either directly or indirectly, solicit or recruit any of Employer's employees, consultants, contractors, agents or representatives to leave their employment or engagement with Employer, or attempt to solicit or recruit employees, consultants, contractors, agents or representatives of Employer, either on behalf of the Participant or for any other Person, to leave their employment or engagement with Employer.

(ii) The Participant agrees that during the Restricted Period, the Participant shall not, either directly or indirectly, induce or solicit any non-profit organization that has supplied goods to the Employer (or allowed the Employer to accept goods on its behalf) in the previous three years to either (i) reduce or modify such organization's relationship with the Employer, or (ii) to enter into any relationship whereby such organization would supply goods, or allow acceptance of goods on its behalf, by any Person engaged in the Business.

(e) Protection of Trade Secrets. The Participant hereby acknowledges that he or she has, by means of his or her ownership interest in the Employer, or through employment with the Employer or through any other similar means, access to the Employer's trade secret, confidential and proprietary information, including information relating to the operations of the Employer and its customers ("Trade Secrets") which information the Participant understands the Employer spends and has spent considerable time, expense and effort to develop and keep confidential. In order to protect such Trade Secrets and customer goodwill, the Participant hereby agrees that during the Restricted Period, the Participant will not, either on the Participant's behalf or on behalf of any other Person, (a) call on, solicit, induce or attempt to induce any recycler or other corporate customer, vendor, trade related business relation of or other persons under contract or otherwise doing business with the Employer (whether past, present or prospective) to cease doing business, reduce or alter any business with the Employer, or (b) in any way interfere with the relationship between any such corporate customer, vendor, trade related business relation or other Person under contract with or doing business with the Company and the Employer.

(f) Nondisparagement. The Participant shall not make or publish any untruthful statement (orally or in writing) that intentionally libels, slanders, disparages or otherwise defaces the goodwill or reputation (whether or not such disparagement legally constitutes libel or slander) of the Employer. The foregoing provisions of this Section (h) shall not apply to truthful testimony in a judicial or administrative proceeding.

(g) Permitted Conduct. Nothing in this Agreement shall prohibit or restrict the Participant from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by any governmental or regulatory agency, entity, or official(s) (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to the Participant individually (and not directed to the Employer) from any such Governmental Authorities; (c) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (d) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Further, nothing in this agreement prevents the Participant from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Participant has reason to believe is unlawful. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made to the Participant's attorney in relation to a lawsuit for retaliation against the Participant for reporting a suspected violation of law; or (iii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nor does this Agreement require the Participant to obtain prior authorization from the Employer before engaging in any conduct described in this paragraph, or to notify the Employer that the Participant engaged in any such conduct.

(h) Injunctive Relief. The Participant acknowledges that a breach by him or her of the provisions of this Agreement cannot be reasonably or adequately compensated in damages in an action at law and that such breach will cause the Employer irreparable injury and damage. Consequently, the Participant agrees that the Employer shall be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to temporary, preliminary and/or permanent injunctive and other equitable relief to prevent or curtail any breach of this Agreement (without the requirement to post a bond); provided, however, that no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of a breach.

(i) Other Restrictive Covenants. The provisions of this Addendum A shall be in addition to, and shall not modify or supersede, any other restrictive covenants to which the Participant is subject pursuant to an agreement with the Employer.

(j) Construction/Blue Pencil. The parties agree that the provisions of this Addendum A shall be enforced to the fullest extent permissible under applicable laws and public policies.

Accordingly, if any term or provision of this Agreement or any portion thereof is declared illegal or unenforceable by any arbitrator or court of competent jurisdiction, such provision or portion thereof shall be deemed modified so as to render it enforceable, and to the extent such provision or portion thereof cannot be rendered enforceable, this Agreement shall be considered divisible as to such provision, which shall become null and void, leaving the remainder of this Agreement in full force and effect.

SAVERS VALUE VILLAGE, INC.
OMNIBUS INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AGREEMENT
(NON-EMPLOYEE DIRECTOR AWARD)

This RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), dated as of [●] (the "Date of Grant"), is delivered by Savers Value Village, Inc.(the "Company") to [●] (the "Participant").

RECITALS

The Savers Value Village, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of restricted stock units in accordance with the terms and conditions of the Plan. The Committee has decided to make this grant of restricted stock units as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants the Participant [●] restricted stock units, subject to the restrictions set forth below and in the Plan (the "Stock Units"). Each Stock Unit represents the right of the Participant to receive a share (a "Share") of common stock of the Company, an amount of cash based on the value of a Share, or any combination of the foregoing, as determined by the Committee, if and when the specified conditions are met in Section 3 below, and on the applicable payment date set forth in Section 5 below.

2. Stock Unit Account. Stock Units represent hypothetical Shares, and not actual Shares. The Company shall establish and maintain a Stock Unit account, as a bookkeeping account on its records, for the Participant and shall record in such account the number of Stock Units granted to the Participant. No Shares shall be issued to the Participant at the time the grant is made, and

the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Stock Units recorded in the Stock Unit account. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Stock Unit account established for the Participant.

3. Vesting.

(a) Subject to the terms of this Section 3, the Stock Units shall become 100% vested provided that the Participant continues to provide service to the Company from the Date of Grant until the earlier of (i) the one (1) year anniversary of the Date of Grant or (ii) the date of the annual general meeting of the Company's stockholder's occurring in the calendar year following the calendar year during which the Date of Grant occurs (such earlier date, the "Vesting Date").

(b)The vesting of the Stock Units is cumulative, but shall not exceed 100% of the Stock Units. If the foregoing schedule would produce fractional Stock Units, the number of Stock Units that vest shall be rounded down to the nearest whole Stock Unit and the fractional Stock Units will be accumulated so that the resulting whole Stock Units will be included in the number of Stock Units that become vested on the last Vesting Date.

(c) In the event of the Participant's separation from service as a result of the Participant's death or Disability, the Stock Units that would have become vested had the Participant continued to provide services to, the Company through the Vesting Date (if any) shall become vested as of the date of the Participant's separation from service.

(d) In the event of a Change of Control before all of the Stock Units vest in accordance with Section 3(a) or Section 3(c) above, the provisions of the Plan applicable to a Change of Control shall apply to the Stock Units, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting of the Stock Units as it deems appropriate pursuant to the Plan.

4. Termination of Stock Units. Except as set forth in this Agreement, if the Participant ceases to provide service to the Company for any reason before all of the Stock Units vest, any unvested Stock Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of service. No payment shall be made with respect to any unvested Stock Units that terminate as described in this Section 4. ***The following additional provision applies if the Participant resides or works in one of the countries listed on Addendum A hereto:*** Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement, the Participant's employment or service with the Company shall be deemed to terminate on the date on which the Participant ceases to be actively employed or engaged by the Company, which shall not be extended by any notice period, whether mandated or implied under local law during which the Participant is not actually employed or engaged (e.g., garden leave or similar leave) or during or for which the Participant receives pay in lieu of notice or severance pay. The Company shall have the sole discretion to determine when the Participant's employment or service with the Company terminates for purposes of this Agreement without reference to any other agreement, written or oral, including the Participant's contract of employment, if applicable.

5. Payment of Stock Units and Tax Withholding.

(a) Provided that the Stock Units vest, the Company shall issue to the Participant one Share for each vested Stock Unit, or an amount of cash equal to the value of a Share for each vested Stock Unit, or a combination of the foregoing, subject to applicable tax withholding obligations. Except as otherwise provided in a deferral agreement duly executed by the Participant on a form prescribed by the Company for such elections and timely filed with the Company (a "Deferral Election Form"), the vested portion of this Award shall be settled, subject to Sections 5(b) and 13 below, within 30 days following the applicable Vesting Date. If the Participant duly executed and timely filed a Deferral Election Form, the vested portion of this Award shall be settled as provided in the Deferral Election Form. The Company may require the Participant to furnish or execute such documents as the Company shall reasonable deem necessary (i) to evidence such settlement and (ii) to comply with or satisfy the requirements of

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the Securities Act of 1933, as amended, the Exchange Act or any applicable laws. If the Participant dies before the settlement of all or a portion of the Award, the vested but unsettled portion of the Award may be settled by delivery of Shares to the Participant's designated beneficiary or, if no such beneficiary has been designated, the Participant's estate.

(b)

The following provision applies if the Participant resides or works in the United States or in another country not listed on Addendum A hereto:

All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. At such time as the Committee may determine in its discretion under the Plan, at the time of payment in accordance with Section 5(a) above, or if applicable, at the time the Stock Units vest, the number of Shares issued to the Participant shall be reduced by a number of Shares with a Fair Market Value (measured as of the Vesting Date) equal to an amount of the FICA, federal income, state, local and other tax liabilities (collectively, the "Taxes") required by law to be withheld with respect to the payment of the Stock Units. To the extent not withheld in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Stock Units.

The following provision applies if the Participant resides or works in one of the countries listed on Addendum A hereto:

All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any applicable income taxes, employment taxes, social insurance, social security, national insurance contributions, other contributions, payroll taxes, levies, payment on account obligations or other amounts (collectively, the "Taxes") required to be collected, withheld or accounted for with respect to the vesting of the Stock Units or the issuance or transfer of Shares under this Agreement (the "Withholding Taxes"). At such time as the Committee may determine in its discretion under the Plan, at the time of payment in accordance with Section 5(a) above, or if applicable, at the time the Stock Units vest, the number of Shares issued to the Participant shall be reduced by a number of Shares with a Fair Market Value (measured as of the Vesting Date) equal to an amount of the Withholding Taxes with respect to the payment of the Stock Units. To the extent not withheld in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any Taxes with respect to the Stock Units. For tax purposes, the Participant is deemed to have been issued the full number of Shares to which the Participant is entitled to under the Stock Units notwithstanding, if applicable, that a number of Shares are withheld for purposes of paying Withholding Taxes. To the extent that the number of Shares withheld to pay Withholding Taxes is not sufficient to cover the obligation for Taxes, the Participant authorizes the Company or its respective agents, at their discretion, to satisfy the obligations with respect to all Withholding Taxes (if any) by withholding from any wages or

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other cash compensation paid to the Participant by the Company. The Participant acknowledges that regardless of any action the Company takes with respect to any or all Taxes, the ultimate liability for all Taxes is and remains the Participant's responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Stock Units, including the grant, vesting or settlement of the Stock Units, and the subsequent sale of any Shares acquired at settlement; and (ii) does not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate the Participant's liability for Taxes. Further, if the Participant is subject to taxation in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company (or the Participant's former Company, as applicable) may be required to withhold or account for Withholding Taxes (if any) in more than one jurisdiction.

(c) The obligation of the Company to deliver Shares shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Shares, the Shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Shares, if any, to the Participant pursuant to this Agreement is subject to any applicable Taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof.

6. <u>No Stockholder Rights; Dividend Equivalents</u>. Neither the Participant, nor any person entitled to exercise Participant's rights or receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares underlying the Stock Units, including voting or dividend rights, until the Shares have been issued upon payment of the Stock Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to Stock Units.Notwithstanding the foregoing, the Committee may grant to the Participant Dividend Equivalents on the Shares underlying the Stock Units prior to the Vesting Date, which shall be credited to the Stock Unit account for the Participant and will be paid or distributed in in accordance with this Agreement and the Plan.

7. <u>Grant Subject to Plan Provisions</u>. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Stock Units are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding Taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Stock Units shall not confer upon the Participant any right to be retained by or in the employ or service of the Company or its subsidiaries and shall not interfere in any way with the right of any of the Company or its subsidiaries to terminate the Participant's employment or service at any time.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Stock Units or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Stock Units by notice to the Participant, and the Stock Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Wilmington, Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives Shares hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

11. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel and, except as provided in Section 14, any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company. Except as provided in Section 14, any notice shall be delivered by electronic mail to the Participant at the email address currently on file in the Company's records, by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, the Stock Units, and the right to receive and retain any Shares, or the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares, covered by this Agreement, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under the Plan and any "clawback" or similar policy of the Company in effect on the Date of Grant or that may be established thereafter. By accepting the Stock Units, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Stock Units or Shares or amounts paid under the Stock Units subject to

clawback or recoupment pursuant to such policy, listing standard or law. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such Stock Unit or Shares or amount paid from the Participant's accounts, or pending or future compensation or Grants under the Plan.

13. Application of Section 409A of the Code. This Agreement is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code. Notwithstanding the foregoing, if the Stock Units constitute "deferred compensation" under Section 409A of the Code and the Stock Units become vested and settled upon the Participant's separation from service, payment with respect to the Stock Units shall be delayed for a period of six months after the Participant's separation from service if the Participant is a "specified employee" as defined under Section 409A of the Code and if required pursuant to Section 409A of the Code. If payment is delayed, the Stock Units shall be settled and paid within thirty (30) days after the date that is six (6) months following the Participant's separation from service. Payments with respect to the Stock Units may only be paid in a manner and upon an event permitted by Section 409A of the Code, and each payment under the Stock Units shall be treated as a separate payment, and the right to a series of installment payments under the Stock Units shall be treated as a right to a series of separate payments. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Company may change or modify the terms of this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the previous sentence, the Company may also amend the Plan or this Agreement or revoke the Stock Units to the extent permitted by the Plan.

14. Electronic Delivery. The Company may, in its sole discretion, deliver any documents relating to the Participant's Stock Units and the Participant's participation in the Plan, or future Grants that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company.

15. Severability. If any provision of this Agreement is held to be unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

16. Waiver. The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

17. Amendment. Except as permitted by the Plan, this Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

19. Binding Effect; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successor and permitted assigns.

The following additional provisions (Section 20, Section 21, Section 22, Section 23 and Section 24) apply if the Participant resides or works in one of the countries listed on Addendum A hereto or another country outside the United States:

20. No Acquired Right. The Participant acknowledges and agrees that:

(a) The Plan is established voluntarily by the Company, the grant of awards under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time. All decisions with respect to future awards, if any, will be at the sole discretion of the Committee.

(b) The Stock Units (and any similar awards the Company may in the future grant to the Participant, even if such awards are made repeatedly or regularly, and regardless of their amount) and the Shares acquired under the Plan (i) are wholly discretionary and occasional, are not a term or condition of service and do not form part of a contract of service, or any other working arrangement, between the Participant and the Company, (ii) do not create any contractual entitlement to receive future awards or benefits in lieu thereof and are not intended to replace any pension rights or compensation, as applicable, and (iii) do not form part of normal or expected salary or remuneration for purposes of determining pension payments or any other purposes, including without limitation termination indemnities, severance, resignation, payment in lieu of notice, redundancy, end of service payments, bonuses, long-term service awards, pension or retirement benefits, welfare benefits or similar payments, if applicable.

(c) The Stock Units and the Shares acquired under the Plan are not intended to replace any pension rights or compensation.

(d) The Participant is voluntarily participating in the Plan.

(e) The grant of the Stock Units and any similar awards the Company may grant in the future to the Participant will not be interpreted to form an employment contract or relationship with the Company and, furthermore, the grant of the Stock Units and any similar

awards the Company may grant in the future to the Participant will not be interpreted to form an employment contract with the Employer.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty. The Company shall not be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Stock Units or the Shares.

(g) The Participant shall have no rights, claim or entitlement to compensation or damages as a result of the Participant's cessation of service for any reason whatsoever, whether or not later found to be invalid or in breach of contract or local labor law, insofar as these rights, claim or entitlement arise or may arise from the Participant's ceasing to have rights under the Stock Units as a result of such cessation or loss or diminution in value of the Stock Units or any of the Shares issuable under the Stock Units as a result of such cessation, and, subject to applicable employment standards legislation, the Participant irrevocably releases the Company from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement, the Participant shall be deemed to have irrevocably waived the Participant's entitlement to pursue such rights or claim.

21. Data Protection (Jurisdictions other than European Union/European Economic Area/United Kingdom).

(a) In order to facilitate the Participant's participation in the Plan and the administration of the Stock Units, it will be necessary for contractual and legal purposes for the Company (or its payroll administrators) to collect, hold and process certain personal information and sensitive personal information about the Participant (including, without limitation, the Participant's name, home address, telephone number, date of birth, nationality, social insurance or other identification number and job title and details of the Stock Units and other awards granted, cancelled, exercised, vested, unvested or outstanding and Shares held by the Participant). The Participant consents explicitly, willingly, and unambiguously to the Company (or its payroll administrators) collecting, holding and processing the Participant's personal data and transferring this data (in electronic or other form) by and among, as applicable, the Company and its affiliates and other third parties (collectively, the "Data Recipients") insofar as is reasonably necessary to implement, administer and manage the Plan and the Stock Units. The Participant authorizes the Data Recipients to receive, possess, use, retain and transfer the data for the purposes of implementing, administering and managing the Plan and the Stock Units. The Participant understands that the data may be transferred to a broker or third party as may be selected by the Company in the future which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the Data Recipients may be located in the United States or elsewhere, and that the recipient's country may have a lower standard of data privacy laws and protections than the Participant's country.

(b) The Data Recipients will treat the Participant's personal data as private and confidential and will not disclose such data for purposes other than the management and administration of the Plan and the Stock Units and will take reasonable measures to keep the

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Participant's personal data private, confidential, accurate and current. The Participant understands that the data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan.

(c) The Participant understands that the Participant may, at any time, make a request to view the Participant's personal data, require any necessary corrections to it or withdraw the consents herein in writing by contacting the Company and that these rights are subject to legal restrictions but acknowledges that without the use of such data it may not be practicable for the Company to administer the Participant's involvement in the Plan in a timely fashion or at all and this may be detrimental to the

Participant and may result in the possible exclusion of the Participant from continued participation with respect to the Stock Units or any future awards under the Plan.

22. Foreign Asset/Account Reporting Requirements; Exchange Controls. The Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the vesting of the Stock Units, the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) from participating in the Plan and/or the opening and maintaining of a brokerage or bank account in connection with the Plan. The Participant may be required to report such accounts, assets, account balances, any cross-border transactions, and/or related transactions to the applicable authorities in the Participant's country and the Participant may be required to report any acquisition or sale of Shares and any taxable income attributable to the Shares to the applicable tax authority or other authority in the Participant's country (including on the Participant's annual tax return, if applicable). The Participant may also be required to repatriate sales proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker and/or within a certain period of time after receipt. The Participant acknowledges that the Participant is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting and other requirements. The Participant further understands that the Participant should consult the Participant's personal tax and legal advisors, as applicable, on these matters.

23. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that, depending on the Participant's country of residence, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to acquire or sell Shares or rights to Shares under the Plan during such times when the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant further acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and the Participant is advised to consult the Participant's personal advisor on this matter.

24. Additional Terms for Non-U.S. Participants. Notwithstanding anything to the contrary herein, Participants residing and/or working outside of the United States shall be subject to any Country-Specific Terms and Conditions attached hereto as Addendum A. If the Participant is a

citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing or working or if the Participant relocates to one of the countries included in the Country-Specific Terms and Conditions after the Date of Grant of the Stock Units, the special terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Country-Specific Terms and Conditions constitute part of this Agreement and are incorporated herein by reference.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

SAVERS VALUE VILLAGE, INC.

Name:
Title:

I hereby accept the Stock Units described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

Online acceptance constitutes agreement. If you wish to decline this Award, you must reject this Agreement within 90 days from the Date of Grant.

______________________________ ____________________________________

Date Participant

ADDENDUM A TO THE AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS

These Country-Specific Terms and Conditions include additional terms and conditions that govern the Stock Units granted to the Participant under the Plan if the Participant resides or works in one of the countries listed below. Capitalized terms used but not defined in these Country-Specific Terms and Conditions are defined in the Plan or the Agreement and have the meanings set forth therein.

Canada

Settlement of Stock Units only in Shares

Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, including Sections 1 and 5 of the Agreement, the grant of the Stock Units does not provide the Participant any right to receive a cash payment and the Stock Units may be settled only by delivery of Shares.

Additionally, notwithstanding Section 5(b) of the Agreement, the Participant may satisfy any Tax obligation through alternate arrangements satisfactory to the Company prior to the arising of the Tax obligations, otherwise such Tax obligations shall be satisfied as set forth in Section 5(b).

Dividend Equivalents

Notwithstanding any other Section of the Agreement, the Participant shall not receive, nor be entitled to, cash in satisfaction of any Dividend Equivalents.

Termination of Employment

Notwithstanding anything else in the Plan or the Agreement (including Section 4 of the Agreement), for purposes of the Agreement, the Participant's employment or service with the Company shall be deemed to end on the date on which the Participant ceases to be actively employed by the Company, which term "actively employed" shall include any minimum period for which the Participant is deemed to be actively employed for purposes of applicable employment standards legislation, and shall exclude any other period of non-working notice of termination or any notice period, whether mandated or implied under local law during which the Participant is not actually employed (e.g., garden leave or similar leave) or during or for which the Participant receives pay in lieu of notice or severance pay. The Company shall have the sole discretion to determine when the Participant is no longer actively employed for purposes of the Agreement without reference to any other agreement, written or oral, including the Participant's contract of employment, if applicable.

Definition of "Cause" for Ontario Employees. For any Participant whose employment with the Company is governed by Ontario law, "Cause" shall, notwithstanding anything else in the Plan

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or the Participant's employment agreement or offer letter, mean conduct that constitutes wilful misconduct, disobedience or wilful neglect of duty that is not trivial and has not been condoned by the Company.

Definition of "Cause" for Québec Employees. For any Participant whose employment with the Company is governed by Quebec law, "Cause" shall, notwithstanding anything else in the Plan or the Participant's employment agreement or offer letter, include, without limitation: (i) the Participant's conviction of, or indictment for, any crime (whether or not involving the Company), (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of the Participant's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact on the business or reputation of the Company; (ii) conduct of the Participant, in connection with the Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; (iii) any material violation of the policies of the Company, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Company; (iv) the breach of any written non-competition, non-solicitation, invention assignment, confidentiality, or other material agreement between the Company and the Participant; (v) willful neglect in the performance of the Participant's duties for the Company or willful or repeated failure or refusal to perform such duties; or (vi) any other serious reason within the meaning of Article 2094 of the Civil code of Québec.

Definition of Disability. The following provision supplements the definition of Disability in Section 1 of the Plan: For purposes of this award, the definition of "Disability" shall be applied in compliance with applicable human rights legislation.

No Employment or Other Rights. The Agreement is hereby amended by deleting the last sentence of Section 8 hereof.

Securities Law Information

For the purposes of compliance with National Instrument 45-106 Prospectus Exemptions (and in Québec, Regulation 45-106 respecting Prospectus exemptions), the prospectus requirement does not apply to a distribution by an issuer in a security of its own issue with an employee, executive officer, director or consultant of the issuer or a related entity of the issuer, provided participation in the distribution is voluntary.

Shares acquired under the Plan are subject to certain restrictions on resale imposed by Canadian provincial and territorial securities laws, as applicable. Notwithstanding any other provision of the Plan to the contrary, any transfer or resale of any Shares acquired by the Participant pursuant to the Plan must be in accordance with the resale rules under applicable Canadian provincial and territorial securities laws, including (a) Ontario Securities Commission Rule 72-503 Distributions Outside Canada ("72-503"), if the Participant is a resident in the Province of Ontario; (b) National Instrument 45-102 Resale of Securities (and in Québec, Regulation 45-102 respecting Resale of securities, collectively "45-102"), if the Participant is a resident in the Provinces of British Columbia, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Québec,

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Saskatchewan; and (c) Alberta Securities Commission Rule 72-501 Distributions to Purchasers Outside Alberta ("72-501"), if the Participant is a resident in the Province of Alberta.

In Ontario, the prospectus requirement does not apply to the first trade of Shares issued in connection with the Stock Units, provided the conditions set forth in section 2.8 of 72-503 are satisfied. In British Columbia, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Québec and Saskatchewan, the prospectus requirement does not apply to the first trade of Shares issued in connection with the Stock Units, provided the conditions set forth in section 2.14 of 45-102 are satisfied. In Alberta, the prospectus requirement does not apply to the first trade of Shares issued in connection with the Stock Units, provided the conditions set forth in Section 10 of 72-501 are satisfied. In Manitoba, the prospectus requirement does not apply to the first trade of Shares issued in connection with the Stock Units, provided the trade is not a "control distribution" as defined in section 1.1 of 45-102. The Shares acquired under the Plan may not be transferred or sold in Canada or to a Canadian resident other than in accordance with applicable provincial or territorial securities laws. The Participant is advised to consult the Participant's legal advisor prior to any resale of Shares.

Data Protection. Section 21 of the Agreement is replaced in its entirety with the following paragraphs.

22. Data Protection.

(a) In order to facilitate the Participant's participation in the Plan and the administration of the Stock Units, it will be necessary for contractual and legal purposes for the Company (or its payroll administrators) to collect, hold and process certain personal information and sensitive personal information about the Participant (the "Data") (including, without limitation, the Participant's name, home address, telephone number, date of birth, nationality, social insurance or other identification number and job title and details of the Stock Units and other awards granted, cancelled, exercised, vested, unvested or outstanding and Shares held by the Participant). The Participant consents explicitly, willingly, and unambiguously to the Company (or its payroll administrators) collecting, holding and processing the Data and transferring this Data (in electronic or other form, to the extent necessary) by and among, as applicable, the Company and its affiliates and any third party service provider assisting in the implementation, administration and management of the Plan, including legal, finance and accounting, stock plan administrators, information technology and human resources or similar consultants and advisors ("Third Party Service Providers") (collectively, the "Data Recipients") insofar as is reasonably necessary to implement, administer and manage the Plan and the Stock Units. The Participant authorizes the Data Recipients to receive, possess, use, retain and transfer the Data for the purposes of implementing, administering and managing the Plan and the Stock Units. The Participant understands that the Data may be transferred to a broker or Third Party Service Provider as may be selected by the Company in the future which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the Data Recipients may be located in the United States or elsewhere, and that the recipient's country may have a lower standard of data privacy laws and protections than the Participant's country. In connection therewith, it is possible that personal data may be disclosed

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to governments, courts or law enforcement or regulatory agencies in that other country in accordance with the laws of that country.

(b) The Data Recipients will treat the Data as private and confidential and will not disclose such data for purposes other than the management and administration of the Plan and the Stock Units and will take reasonable measures to keep the Data private, confidential, accurate and current. The Participant understands that the Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan.

(c) Subject to limitations under applicable law, the Participant understands that the Participant may, at any time, make a request to view the Data, require any necessary corrections to it or withdraw the consents herein in writing by contacting the Company and that these rights are subject to legal restrictions but acknowledges that without the use of such Data it may not be practicable for the Company to administer the Participant's involvement in the Plan in a timely fashion or at all and this may be detrimental to the Participant and may result in the possible exclusion of the Participant from continued participation with respect to the Stock Units or any future awards under the Plan.

No Acquired Right. Section 20(g) of the Agreement is hereby replaced as follows:

The Participant shall have no rights, claim or entitlement to compensation or damages as a result of the Participant's cessation of employment or service for any reason whatsoever, whether or not later found to be invalid or in breach of contract or local labor law, insofar as these rights, claim or entitlement arise or may arise from the Participant's ceasing to have rights under the Stock Units as a result of such cessation or loss or diminution in value of the Stock Units or any of the Shares issuable under the Stock Units as a result of such cessation, and, subject to applicable employment standards legislation, the Participant irrevocably releases the Company from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement, the Participant shall be deemed to have irrevocably waived the Participant's entitlement to pursue such rights or claim.

Additional Provisions Applicable to Participants Resident in Quebec.

Consent to Receive Information in English

The parties have expressly decided to be bound by the English version of the Agreement after having examined its French version. Les parties ont expressément convenu d'être liées par la version anglaise de cette entente après avoir examiné sa version française.

Data Protection

The following provision supplements the Data Protection section above in this Addendum A:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information, including Participant data, from all personnel,

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professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company and the Committee, to disclose and discuss the Plan with their advisors, which may involve the disclosure of Participant data, to the extent necessary for the administration and operation of the Plan. The Participant further authorizes the Company to record such information and to keep such information in the Participant's employee file. Internal access to Data is strictly limited to those employees who have a need to know such Data in the performance of their duties.

Exhibit 31.1

SAVERS VALUE VILLAGE, INC. AND SUBSIDIARIES CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark T. Walsh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Savers Value Village, 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 registrant's other certifying officer(s) 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)) 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. Evaluated the effectiveness of the registrant'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
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Exhibit 31.1

Date: November 10, 2023 May 10, 2024

/s/ Mark T. Walsh

Name: Mark T. Walsh

Title: Chief Executive Officer and Director

Exhibit 31.2

SAVERS VALUE VILLAGE, INC. AND SUBSIDIARIES CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay C. Stasz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Savers Value Village, 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 registrant's other certifying officer(s) 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)) 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. Evaluated the effectiveness of the registrant'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
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Exhibit 31.2

Date: November 10, 2023 May 10, 2024

/s/ Jay C. Stasz

Name: Jay C. Stasz

Title: Chief Financial Officer and Treasurer

Exhibit 32.1

Certification Pursuant To 18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Savers Value Village, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 March 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark T. Walsh, Chief Executive Officer and Director of the Company certify, to the best of my knowledge, 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.

Exhibit 32.1

Date: November 10, 2023 May 10, 2024

/s/ Mark T. Walsh

Name: Mark T. Walsh

Title: Chief Executive Officer and Director

Exhibit 32.2

Certification Pursuant To 18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Savers Value Village, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 March 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jay C. Stasz, Chief Financial Officer and Treasurer of the Company certify, to the best of my knowledge, 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.

Exhibit 32.2

Date: November 10, 2023 May 10, 2024

/s/ Jay C. Stasz

Name: Jay C. Stasz

Title: Chief Financial Officer and Treasurer

DISCLAIMER

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