

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 May 4, 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 001-36107



BURLINGTON STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware

80-0895227

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

2006 Route 130 North

Burlington

,

New Jersey

08016

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (609) 387-7800

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	BURL	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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-Accelerated filer

Smaller reporting company

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.

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

The registrant had

63,826,021
shares of common stock outstanding as of May 4, 2024.

Emerging growth company

BURLINGTON STORES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BURLINGTON STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(All amounts in thousands, except per share data)

	Three Months Ended	Three Months Ended
	May 4, 2024	April 29, 2023
REVENUES:		
Net sales	\$ 2,357,318	\$ 2,132,793
Other revenue	4,235	4,163
Total revenue	2,361,553	2,136,956
COSTS AND EXPENSES:		
Cost of sales	1,330,726	1,231,646
Selling, general and administrative expenses	825,226	755,628
Depreciation and amortization	81,965	70,529
Impairment charges - long-lived assets	8,210	844
Other income - net	(10,862)	(8,998)
Loss on extinguishment of debt	—	24,644
Interest expense	16,649	19,345
Total costs and expenses	2,251,914	2,093,638
Income before income tax expense	109,639	43,318
Income tax expense	31,125	10,570
Net income	\$ 78,514	\$ 32,748
Net income per common share:		
Common stock - basic	\$ <u>1.23</u>	\$ <u>0.50</u>
Common stock - diluted	\$ <u>1.22</u>	\$ <u>0.50</u>
Weighted average number of common shares:		

Common stock - basic	63,871	64,954
Common stock - diluted	64,267	65,291

See Notes to Condensed Consolidated Financial Statements.

BURLINGTON STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(All amounts in thousands)

	Three Months Ended	
	May 4, 2024	April 29, 2023
Net income	\$ 78,514	\$ 32,748
Other comprehensive income, net of tax:		
Interest rate derivative contracts:		
Net unrealized gain arising during the period	7,735	947
(((
Net reclassification into earnings during the period	3,343	827
)))
Other comprehensive income, net of tax	4,392	120
Total comprehensive income	\$ 82,906	\$ 32,868

See Notes to Condensed Consolidated Financial Statements.

BURLINGTON STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(All amounts in thousands, except share and per share data)

	May 4, 2024	February 3, 2024	April 29, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 742,332	\$ 925,359	\$ 532,443
Restricted cash and cash equivalents	—	—	6,582
Accounts receivable—net	100,654	74,361	78,477
Merchandise inventories	1,140,800	1,087,841	1,231,092
Assets held for disposal	27,963	23,299	5,120
Prepaid and other current assets	226,378	216,164	136,751
Total current assets	2,238,127	2,327,024	1,990,465
Property and equipment—net	1,934,547	1,880,325	1,678,461
Operating lease assets	3,149,161	3,132,768	2,968,247
Tradenames	238,000	238,000	238,000
Goodwill	47,064	47,064	47,064
Deferred tax assets	2,313	2,436	3,079
Other assets	86,040	79,223	78,563
Total assets	\$ 7,695,252	\$ 7,706,840	\$ 7,003,879
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 929,759	\$ 956,350	\$ 829,212

Current operating lease liabilities	395,948	411,395	402,622
Other current liabilities	602,973	647,338	472,926
Current maturities of long term debt	168,642	13,703	13,753
Total current liabilities	2,097,322	2,028,786	1,718,513
Long term debt	1,236,658	1,394,942	1,350,416
Long term operating lease liabilities	3,016,027	2,984,794	2,842,785
Other liabilities	73,210	73,793	70,082
Deferred tax liabilities	240,609	227,593	220,609
Commitments and contingencies (Note 11)			
Stockholders' equity:			
Preferred stock, \$			
0.0001			
par value: authorized:			
50,000,000			
shares;			
no			
shares issued and outstanding	—	—	—
Common stock, \$			
0.0001			
par value:			
Authorized:			
500,000,000			
shares			

Issued:

82,636,872
shares,
82,399,577
shares and
82,157,501
shares, respectively

Outstanding:

63,826,021
shares,
63,964,371
shares and
64,884,349
shares, respectively

8 8 8

Additional paid-in-capital	2,145,935	2,118,356	2,043,111
Accumulated earnings	1,062,578	984,064	677,163
Accumulated other comprehensive income	37,925	33,533	28,868
Treasury stock, at cost	2,215,020)	2,139,029)	1,947,676)
Total stockholders' equity	1,031,426	996,932	801,474
Total liabilities and stockholders' equity	\$ 7,695,252	\$ 7,706,840	\$ 7,003,879

See Notes to Condensed Consolidated Financial Statements.

BURLINGTON STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(All amounts in thousands)

	Three Months Ended	
	May 4, 2024	April 29, 2023
OPERATING ACTIVITIES		
Net income	\$ 78,514	\$ 32,748
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	81,965	70,529
Impairment charges—long-lived assets	8,210	844
Amortization of deferred financing costs	755	855
Accretion of long term debt instruments	233	236
Deferred income taxes	11,520	14,699
Loss on extinguishment of debt	—	24,644
Non-cash stock compensation expense	19,107	16,722
Non-cash lease expense	(3,885)	(970)
Cash received from landlord allowances	2,830	4,349
Changes in assets and liabilities:		
Accounts receivable	(26,397)	(7,418)
Merchandise inventories	(52,958)	(49,110)
Prepaid and other current assets	(10,215)	(5,060)
Accounts payable	(25,211)	(125,241)
Other current liabilities	(30,846)	(53,943)
Other long term assets and long term liabilities	(631)	(723)
Other operating activities	3,619	2,559

Net cash provided by (used in) operating activities		(
	49,372	77,952
INVESTING ACTIVITIES)
Cash paid for property and equipment	((
	164,837	95,688
Lease acquisition costs	((
	233	4,549
Net (removal costs) proceeds from sale of property and equipment and assets held for sale	()
	462	14,080
	((
Net cash used in investing activities)
FINANCING ACTIVITIES)
Principal payments on long term debt—Term B-6 Loans	((
	2,404	2,404
Principal payment on long term debt— 2025 Convertible Notes	()
	—	133,656
	((
Purchase of treasury shares	75,622	53,393
))
Proceeds from stock option exercises	8,473	10,764
	2,686	2,618
Other financing activities	((
Net cash used in financing activities)
	66,867	176,071
	((
Decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	183,027	340,180
))
	925,359	879,205
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period		
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 742,332	\$ 539,025
Supplemental disclosure of cash flow information:		
Interest paid	\$ 19,985	\$ 27,066
	\$ 1,380	\$ 1,539
Income tax payments - net	\$ 868	\$ —
Non-cash investing and financing activities:		
Finance lease modification	(
Accrued purchases of property and equipment	\$ 95,262	\$ 49,628

See Notes to Condensed Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

Basis of Presentation

As of May 4, 2024, Burlington Stores, Inc., a Delaware corporation (collectively with its subsidiaries, the Company), through its indirect subsidiary Burlington Coat Factory Warehouse Corporation (BCFWC), operated

1,021
retail stores.

These unaudited Condensed Consolidated Financial Statements include the accounts of Burlington Stores, Inc. and its subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. The Condensed Consolidated

Financial Statements are unaudited, but in the opinion of management reflect all adjustments (which are of a normal and recurring nature) necessary for the fair presentation of the results of operations for the interim periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2024 (Fiscal 2023 10-K). The balance sheet at February 3, 2024 presented herein has been derived from the audited Consolidated Financial Statements contained in the Fiscal 2023 10-K. Because the Company's business is seasonal in nature, the operating results for the three month period ended May 4, 2024 are not necessarily indicative of results for the fiscal year.

Accounting policies followed by the Company are described in Note 1, "Summary of Significant Accounting Policies," included in Part II, Item 8 of the Fiscal 2023 10-K.

Fiscal Year

The Company defines its fiscal year as the 52 or 53-week period ending on the Saturday closest to January 31. Fiscal 2024 is defined as the 52-week year ending February 1, 2025, and Fiscal 2023 is defined as the 53-week year ended February 3, 2024. The first quarters of Fiscal 2024 and Fiscal 2023 each consist of 13 weeks.

Recently Adopted Accounting Standards

There were no new accounting standards that had a material impact on the Company's Condensed Consolidated Financial Statements and notes thereto during the three month period ended May 4, 2024.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retrospective basis. We are currently determining the impact that ASU 2023-09 will have on the Company's consolidated financial statement disclosures.

2. Stockholders' Equity

Activity for the three month periods ended May 4, 2024 and April 29, 2023 in the Company's stockholders' equity is summarized below:

	(in thousands, except share data)								Total	
	Common Stock		Additional Paid-in Capital	Accumulated Earnings	Comprehensive Income	Treasury Stock		()		
	Shares	Amount				Shares	Amount			
Balance at February 3, 2024	82,399,577	\$ 8	\$ 2,118,356	\$ 984,064	\$ 33,533	18,435,206	\$ 2,139,029	()	996,932	
Net income	—	—	—	78,514	—	—	—	—	78,514	
Stock options exercised	55,688	—	8,472	—	—	—	—	—	8,472	
Shares used for tax withholding	—	—	—	—	—	—	—	()	()	
Shares purchased as part of publicly announced program, inclusive of \$ 0.4 million related to excise tax	—	—	—	—	—	63,407	\$ 12,222	()	12,222	
Vesting of restricted shares	181,607	—	—	—	—	—	—	—	—	
Stock based compensation	—	—	—	19,107	—	—	—	—	19,107	
Unrealized gains on interest rate derivative contracts, net of related taxes of \$ 2.8 million	—	—	—	—	7,735	—	—	—	7,735	

Amount reclassified from
accumulated other
comprehensive income into
earnings, net of related taxes of
\$

1.2 million	—	—	—	—	3,343)	—	—	3,343
Balance at May 4, 2024)	(()
82,636,872	\$ 8	\$ 2,145,935	\$ 1,062,578	\$ 37,925	18,810,851) \$ 2,215,020) \$ 1,031,426) \$) \$

<i>(in thousands, except share data)</i>								
	Common Stock		Additional Paid-in Capital	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock		
	Shares	Amount	Shares	Amount	Shares	Amount	Total	
Balance at January 28, 2023								
	82,037,994	\$ 8	2,015,625	\$ 644,415	28,748	17,018,281	\$ 1,893,891	\$ 794,905
Net income					32,748			32,748
Stock options exercised	—	—	—	—	—	—	—	—
	90,971	—	10,764	—	—	—	—	10,764
Shares used for tax withholding						(—)	(—)	(—)
	—	—	—	—	—	9,457	1,962	1,962
Shares purchased as part of publicly announced program, inclusive of \$ 0.4 million related to excise tax						(—)	(—)	(—)
	—	—	—	—	—	245,414	51,823	51,823
Vesting of restricted shares						(—)	(—)	(—)
	28,536	—	—	—	—	—	—	—
Stock based compensation						16,722		16,722
Unrealized gains on interest rate derivative contracts, net of related taxes of \$ 0.3 million						(—)	(—)	(—)
	—	—	—	—	—	947	—	947
Amount reclassified from accumulated other comprehensive income into earnings, net of related taxes of \$ 0.3 million						(—)	(—)	(—)
	—	—	—	—	—	827	—	827
Balance at April 29, 2023						(—)	(—)	(—)
	82,157,501	\$ 8	2,043,111	\$ 677,163	\$ 28,868	17,273,152	\$ 1,947,676	\$ 801,474

3. Lease Commitments

The Company's leases primarily consist of stores, distribution facilities and office space under operating and finance leases that will expire principally during the next 30 years. The leases typically include renewal options at five-year intervals and escalation clauses. Lease renewals are only included in the lease liability to the extent that they are reasonably assured of being exercised. The Company's leases typically provide for contingent rentals based on a percentage of gross sales. Contingent rentals are not included in the lease liability, but are recognized as variable lease cost when incurred.

The following is a schedule of the Company's future lease payments:

Fiscal Year	Operating Leases	<i>(in thousands)</i>	
		Finance Leases	Finance Leases
2024 (remainder)			
	\$ 422,929	\$ 3,535	

2025

615,594 3,526

2026

576,614 3,640

2027

535,608 3,640

2028

487,650 3,447

Thereafter

1,662,700 20,787

Total future minimum lease payments

4,301,095 38,575

Amount representing interest

()

889,120 11,258

))

Total lease liabilities

3,411,975 27,317

Less: current portion of lease liabilities

()

395,948 2,873

))

Total long term lease liabilities

3,016,027 24,444

\$

\$

Weighted average discount rate

5.8 5.6
% %

Weighted average remaining lease term (years)

7.9 12.1

The above schedule excludes approximately \$

667.5
million for

84

stores and one warehouse that the Company has committed to open or relocate but has not yet taken possession of the space. The discount rates used in valuing the Company's leases are not readily determinable, and are based on the Company's incremental borrowing rate on a fully collateralized basis.

The Company has entered into a lease agreement for a new distribution center in Ellabell, GA, which is expected to commence in Spring 2025. The Company does not have control of the asset during construction, but it is involved in the design and construction of the distribution center. Additionally, the lease agreement has a purchase option, which can be exercised beginning after the earlier of (a) substantial completion of construction or (b) the date the Company commences business operations in the premises.

The following is a schedule of net lease costs for the periods indicated:

	May 4, 2024	Three Months Ended	April 29, 2023
Finance lease cost:		(in thousands)	
Amortization of finance lease asset (a)	\$ 798	\$	877
Interest on lease liabilities (b)	383	\$	495
Operating lease cost (c)		151,180	138,950
Variable lease cost (c)	60,957	\$	54,071
Total lease cost		213,318	194,393
Impairment (gain) on sale and leaseback transaction (d)	8,210	\$	1,958
Less all rental income (e)	(1,379)	\$	(1,398)
Total net rent expense (f)	<u>220,149</u>	<u>\$</u>	<u>191,037</u>

(a) Included in the line item "Depreciation and amortization" in the Company's Condensed Consolidated Statements of Income.

(b) Included in the line item "Interest expense" in the Company's Condensed Consolidated Statements of Income.

(c) Includes real estate taxes, common area maintenance, insurance and percentage rent. Included in the line item "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

(d) Impairment included in the line item "Impairment charges - long-lived assets" and gain included in line item "Other income - net" in the Company's Condensed Consolidated Statements of Income.

(e) Included in the line item "Other revenue" in the Company's Condensed Consolidated Statements of Income.

(f) Excludes an immaterial amount of short-term lease cost.

Supplemental cash flow disclosures related to leases are as follows:

	May 4, 2024	Three Months Ended	April 29, 2023
Cash paid for amounts included in the measurement of lease liabilities:		(in thousands)	
Cash payments arising from operating lease liabilities (a)	\$ 155,077	\$	139,950
Cash payments for the principal portion of finance lease liabilities (b)	884	\$	963
Cash payments for the interest portion of finance lease liabilities (a)	383	\$	495
Supplemental non-cash information:			
Operating lease liabilities arising from obtaining right-of-use assets	\$ 183,529	\$	122,802

(a) Included within operating activities in the Company's Condensed Consolidated Statements of Cash Flows.

(b) Included within financing activities in the Company's Condensed Consolidated Statements of Cash Flows.

4. Long Term Debt

Long term debt consists of:

	May 4, 2024	(in thousands) February 3, 2024	April 29, 2023
Senior secured term loan facility (Term B-6 Loans), adjusted SOFR (with a floor of			
0.00			
%) plus			
2.00			
%, matures on			
June 24, 2028			
	\$ 931,185	\$ 933,355	\$ 939,844
Convertible senior notes,			
2.25			
%, mature on			
April 15, 2025			
	156,155	156,155	397,375
Convertible senior notes,			
1.25			
%, mature on			
December 15, 2027			
	297,069	297,069	—
ABL senior secured revolving facility, SOFR plus spread based on average outstanding balance, matures on			
December 22, 2026			
	—	—	—
Finance lease obligations	27,317	29,069	32,484
	(((
Unamortized deferred financing costs	6,426	7,003	5,534
)))
Total debt	1,405,300	1,408,645	1,364,169

	(((
	168,642)	13,703
Less: current maturities)	13,753
Long term debt, net of current maturities	\$ 1,236,658	\$ 1,394,942	\$ 1,350,416

Term Loan Facility

BCFWC and certain of its subsidiaries and holding companies are party to a Credit Agreement (as amended, supplemented and otherwise modified, the Term Loan Facility) that provides for term loans in an aggregate principal amount as of May 4, 2024 of \$

931.2
million maturing on June 24, 2028 .

The Term Loan Facility is collateralized by a first lien on BCFWC's and each guarantor's equity interests, equipment, intellectual property, and certain favorable leases and real estate, and certain related assets and proceeds thereof (subject to certain exceptions), and a second lien on BCFWC's and each guarantor's other assets and proceeds thereof (subject to certain exceptions). On May 11, 2023, the Company amended the Term Loan Credit Agreement to, effective as of June 30, 2023, change one of the reference interest rates for borrowings under the Term Loan Facility from the Term Loan Adjusted LIBOR Rate to the Adjusted Term Secured Overnight Financing Rate (SOFR) Rate (as defined in the Term Loan Credit Agreement). The Adjusted Term SOFR Rate includes a credit spread adjustment of

0.11
% for an interest period of one-month's duration,

0.26
% for an interest period of three-months' duration and

0.43
% for an interest period of six-months' duration, with a floor of

0.00
%.

Interest rates for the Term Loan Facility are based on: (i) for SOFR loans, a rate per annum equal to the Adjusted Term SOFR Rate for the applicable interest period, plus a margin of

2.00
%; and (ii) for prime rate loans, a rate per annum equal to the highest of (a) the variable annual rate of interest then announced by JPMorgan Chase Bank, N.A. at its head office as its "prime rate," (b) the federal reserve bank of New York rate in effect on such date plus

0.50
% per annum, and (c) the Adjusted Term SOFR Rate for the applicable class of term loans for one-month plus

1.00
%, plus, in each case, a margin of

1.00
%.

At May 4, 2024 and April 29, 2023, the interest rate related to the Term Loan Facility was

7.4
% and

7.0
%, respectively.

2025 Convertible Notes

On April 16, 2020, the Company issued \$

805.0
million of its

2.25
% Convertible Senior Notes due 2025 (2025 Convertible Notes). The 2025 Convertible Notes are general unsecured obligations of the Company. The 2025 Convertible Notes bear interest at a rate of

2.25
% per year, payable semi-annually in cash, in arrears, on April 15 and October 15 of each year. The 2025 Convertible Notes will mature on April 15, 2025, unless earlier converted, redeemed or repurchased.

During the first quarter of Fiscal 2023, the Company entered into separate, privately negotiated exchange agreements with certain holders of the 2025 Convertible Notes. Under the terms of the exchange agreements, the holders exchanged \$

110.3
million in aggregate principal amount of 2025 Convertible Notes held by them for \$

133.3
million in cash. These exchanges resulted in aggregate pre-tax debt extinguishment charges of \$

24.6
million.

Prior to the close of business on the business day immediately preceding January 15, 2025, the 2025 Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the 2025 Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2025

Convertible Notes have an initial conversion rate of

4.5418
shares per \$

1,000
principal amount of 2025 Convertible Notes (equivalent to an initial conversion price of approximately \$

220.18
per share of the Company's common stock), subject to adjustment if certain events occur. The initial conversion price represents a conversion premium of approximately

32.50
% over \$

166.17

per share, the last reported sale price of the Company's common stock on April 13, 2020 (the pricing date of the offering) on the New York Stock Exchange. During the first quarter of Fiscal 2021, the Company made an irrevocable settlement election for any conversions of the 2025 Convertible Notes. Upon conversion, the Company will pay cash for the principal amount. For any excess above principal, the Company will deliver shares of its common stock. The Company was not permitted to redeem the 2025 Convertible Notes prior to April 15, 2023. From and after April 15, 2023, the Company is able to redeem for cash all or any portion of the 2025 Convertible Notes, at its option, if the last reported sale price of the Company's common stock is equal to or greater than

130
% of the conversion price for a specified period of time, at a redemption price equal to

100
% of the principal aggregate amount of the 2025 Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Holders of the 2025 Convertible Notes may require the Company to repurchase their 2025 Convertible Notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the 2025 Convertible Notes at a purchase price equal to

100
% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if the Company issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their 2025 Convertible Notes in connection with such corporate event or during the relevant redemption period for such 2025 Convertible Notes. The effective interest rate is

2.8
%.

2027 Convertible Notes

On September 12, 2023, the Company closed the issuance of approximately \$ 297.1 million aggregate principal amount of its 1.25% Convertible Senior Notes due 2027 (2027 Convertible Notes) pursuant to separate, privately negotiated exchange and subscription agreements with a limited number of holders of its 2025 Convertible Notes and certain investors, in each case pursuant to exemptions from registration under the Securities Act of 1933. The Company exchanged approximately \$ 241.2 million in aggregate principal amount of the 2025 Convertible Notes for approximately \$ 255.0 million in aggregate principal amount of the 2027 Convertible Notes. This exchange resulted in aggregate pre-tax debt extinguishment charges of \$ 13.6 million. The Company also issued approximately \$ 42.1 million in aggregate principal amount of 2027 Convertible Notes in a private placement to certain investors. An aggregate of up to 1,422,568 shares of common stock may be issued upon conversion of the 2027 Convertible Notes, which number is subject to adjustment up to an aggregate of 1,911,372 shares following certain corporate events that occur prior to the maturity date or if the Company issues a notice of redemption, and which is also subject to certain anti-dilution adjustments.

The 2027 Convertible Notes will bear interest at a rate of 1.25% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The 2027 Convertible Notes will mature on December 15, 2027, unless earlier converted, redeemed or repurchased.

Prior to the close of business on the business day immediately preceding September 15, 2027, the 2027 Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the 2027 Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2027 Convertible Notes have an initial conversion rate of

4.8560 shares per \$ 1,000 principal amount of 2027 Convertible Notes (equivalent to an initial conversion price of approximately \$ 205.93 per share of the Company's common stock), subject to adjustment if certain events occur. The initial conversion price represents a conversion premium of approximately

32.50% over \$ 155.42 per share, the last reported sale price of the Company's common stock on September 7, 2023 on The New York Stock Exchange. Upon conversion, the Company will pay cash up to the aggregate principal amount of 2027 Convertible Notes being converted, and pay (and deliver, if applicable) cash, shares of the Company's common stock or a combination thereof, at its election, in respect of the remainder (if any) of the Company's conversion obligation in excess of such aggregate principal amount. The Company will not be able to redeem the 2027 Convertible Notes prior to December 20, 2025. On or after December 20, 2025 and prior to the 21st scheduled trading day immediately preceding December 15, 2027, the Company will be able to redeem for cash all or any portion of the 2027 Convertible Notes, at its option, if the last reported sale price of the Company's common stock is equal to or greater than

130% of the conversion price for a specified period of time, at a redemption price equal to 100% of the aggregate principal amount of the 2027 Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

If the Company undergoes a fundamental change, subject to certain conditions, holders of the 2027 Convertible Notes may require the Company to repurchase for cash all or any portion of their 2027 New Convertible Notes. The fundamental change repurchase price will be

100% of the aggregate principal amount of the 2027 Convertible Notes to be repurchased plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. The effective interest rate is

1.7%.

ABL Line of Credit

BCFWC and certain of its subsidiaries and holding companies are party to a Second Amended and Restated Credit Agreement (as amended, supplemented and otherwise modified, the ABL Line of Credit) that provides for \$

900.0

million of revolving commitments (subject to a borrowing base limitation) maturing on December 22, 2026, and, subject to the satisfaction of certain conditions, BCFWC can increase the aggregate amount of commitments up to \$

1,200

million. The interest rate margin applicable under the ABL Line of Credit in the case of loans drawn at the SOFR is

1.125

% to

1.375

% in the case of a daily SOFR rate or a term SOFR rate (in each case, plus a credit spread adjustment of

0.10

%), and

0.125

% to

0.375

% in the case of a prime rate, depending on the average daily availability of the lesser of (a) the total commitments or (b) the borrowing base. The ABL Line of Credit is collateralized by a first priority lien on BCFWC's and each guarantor's inventory, receivables, bank accounts, and certain related assets and proceeds thereof (subject to certain exceptions), and a second priority lien on BCFWC's and each guarantor's other assets and proceeds thereof (other than real estate and subject to certain exceptions).

On June 26, 2023, BCFWC entered into a Fifth Amendment to the Second Amended and Restated Credit Agreement, which increased the sublimit for letters of credit thereunder from \$

150

million to \$

250

million. The letter of credit sublimit was automatically reduced to \$

237.5

million on April 1, 2024, and will automatically be reduced to (i) \$

225

million on July 1, 2024, (ii) \$

212.5

million on October 1, 2024, and (iii) \$

200

million on January 1, 2025. BCFWC and the agent may extend the foregoing dates under clauses (i) and (ii), as long as the sublimit is reduced to \$

200

million no later than January 1, 2025.

At May 4, 2024, the Company had \$

779.1 million available under the ABL Line of Credit. There were

no borrowings under the ABL Line of Credit during the three month period ended May 4, 2024.

At April 29, 2023, the Company had \$

839.8 million available under the ABL Line of Credit. There were

no borrowings under the ABL Line of Credit during the three month period ended April 29, 2023.

5. Derivative Instruments and Hedging Activities

The Company accounts for derivatives and hedging activities in accordance with ASC 815, "Derivatives and Hedging" (ASC 815). As required by ASC 815, the Company records all derivatives on the balance sheet at fair value and adjusts to market on a quarterly basis. In addition, to comply with the provisions of ASC 820, "Fair Value Measurements" (ASC 820), credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees. In accordance with ASC 820, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. There is no impact of netting, because the Company has only

one derivative. The Company classifies its derivative valuations in Level 2 of the fair value hierarchy.

On December 17, 2018, the Company entered into an interest rate swap, which hedged \$

450 million of the variable rate exposure under the Term Loan Facility at a rate of

2.72 %. On June 24, 2021, the Company terminated this previous interest rate swap, and entered into a new interest rate swap, which hedges \$

450 million of the variable rate exposure on the Term Loan Facility at a blended rate of

2.19 %, and is designated as a cash flow hedge.

During the second quarter of Fiscal 2023, the Company amended its interest rate swap to be based on SOFR rather than LIBOR, which resulted in an updated swap rate of

2.16 %. This amendment was covered under the guidance in ASC 848 and did not impact the hedge accounting relationship.

The amount of loss deferred for the previous interest rate swap was \$

26.9 million. The Company amortized this amount from accumulated other comprehensive income into interest expense over the original life of the previous interest rate swap, which had an original maturity date of December 29, 2023. The new interest rate swap had a liability fair value at inception of \$

26.9 million. The Company will accrete this amount into accumulated other comprehensive income as a benefit to interest expense over the life of the new interest rate swap, which has a maturity date of June 24, 2028.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

As of May 4, 2024, the Company had the following outstanding interest rate derivative that was designated as a cash flow hedge of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional Aggregate Principal Amount	Interest Swap Rate	Maturity Date
Interest rate swap contract	One	450.0 million	2.16 %	June 24, 2028

Tabular Disclosure

The table below presents the fair value of the Company's derivative financial instruments on a gross basis as well as their classification on the

Company's Condensed Consolidated Balance Sheets:

Derivatives Designated as Hedging Instruments	(in thousands)					
	May 4, 2024		Fair Values of Derivative Instruments		April 29, 2023	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap contracts	Other assets	\$ 36,079	Other assets	\$ 29,075	Other assets	\$ 26,857

The following table presents the unrealized gains and losses deferred to accumulated other comprehensive income resulting from the Company's derivative financial instruments for each of the reporting periods.

	<i>(in thousands)</i> Three Months Ended	
	May 4, 2024	April 29, 2023
Interest Rate Derivatives:		
Unrealized gains, before taxes	\$ 10,573	\$ 1,294
Income tax expense	(2,838)	(347)
Unrealized gains, net of taxes	<u><u>\$ 7,735</u></u>	<u><u>\$ 947</u></u>

The following table presents information about the reclassification of gains and losses from accumulated other comprehensive income into earnings related to the Company's derivative instruments for each of the reporting periods.

	<i>(in thousands)</i> Three Months Ended	
	May 4, 2024	April 29, 2023
Component of Earnings:		
Interest benefit	\$ 4,563)	\$ 1,129)
Income tax expense	1,220 ()	302 ()
Net reclassification into earnings	<u><u>\$ 3,343)</u></u>	<u><u>\$ 827)</u></u>

The Company estimates that approximately \$

16.5

million will be reclassified from accumulated other comprehensive income as a reduction to interest expense during the next twelve months.

6. Fair Value Measurements

The Company accounts for fair value measurements in accordance with ASC 820, which defines fair value, establishes a framework for measurement and expands disclosure about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price), and classifies the inputs used to measure fair value into the following hierarchy:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Pricing inputs that are unobservable for the assets and liabilities and include situations where there is little, if any, market activity for the assets and liabilities.

The inputs into the determination of fair value require significant management judgment or estimation.

The carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term nature of these instruments.

Refer to Note 5, "Derivative Instruments and Hedging Activities," for further discussion regarding the fair value of the Company's interest rate swap contract.

Financial Assets

The fair values of the Company's financial assets and the hierarchy of the level of inputs as of May 4, 2024, February 3, 2024 and April 29, 2023 are summarized below:

	<i>(in thousands)</i> Fair Value Measurements at		
	May 4, 2024	February 3, 2024	April 29, 2023
Level 1			

Cash equivalents (including restricted cash equivalents)	\$ 313,077	\$ 657,292	\$ 163,713
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Long-lived assets are measured at fair value on a non-recurring basis for purposes of calculating impairment using the fair value hierarchy of ASC 820. The fair value of the Company's long-lived assets is calculated using a discounted cash-flow model that used level 3 inputs. In calculating future cash flows, the Company makes estimates regarding future operating results and market rent rates, based on its experience and knowledge of market factors in which the retail location is located.

Impairment charges on long-lived assets were \$

8.2 million during the first quarter of Fiscal 2024, related to a sale-leaseback transaction at

one owned store sold below net carrying value. Impairment charges on long-lived assets were \$

0.6 million during the first quarter of Fiscal 2023, related to declines in revenue and operating results for

seven stores, as well as lease asset impairment of \$

0.2 million related to

two of those stores.

During the three months ended May 4, 2024 and the three months ended April 29, 2023, the assets impaired had a remaining carrying value after impairments of \$

9.8 million and \$

70.9 million, respectively.

Financial Liabilities

The fair values of the Company's financial liabilities are summarized below:

	May 4, 2024		(in thousands) February 3, 2024		April 29, 2023	
	Principal Amount	Fair Value	Principal Amount	Fair Value	Principal Amount	Fair Value
Term B-6 Loans	\$ 934,976	\$ 936,341	\$ 937,379	\$ 934,450	\$ 944,590	\$ 935,144
2025 Convertible Notes	156,155	164,273	156,155	169,384	397,375	448,016
2027 Convertible Notes	297,069	329,346	297,069	342,384	—	—
ABL Line of Credit (a)	—	—	—	—	—	—
Total debt (b)	\$ 1,388,200	\$ 1,429,960	\$ 1,390,603	\$ 1,446,218	\$ 1,341,965	\$ 1,383,160

(a) To the extent the Company has any outstanding borrowings under the ABL Line of Credit, the fair value would approximate its reported value, because the interest rate is variable and reflects current market rates, due to its short term nature.

(b) The table above excludes finance lease obligations, debt discount and deferred debt costs.

The fair values presented herein are based on pertinent information available to management as of the respective period end dates. The estimated fair values of the Company's debt are classified as Level 2 in the fair value hierarchy, and are based on current market quotes received from inactive markets.

7. Income Taxes

Income tax expense was \$

31.1 million during the first quarter of Fiscal 2024 compared with \$

10.6 million during the first quarter of Fiscal 2023. The effective tax rate for the first quarter of Fiscal 2024 was

28.4

% compared with

24.4

% during the first quarter of Fiscal 2023. The increase in expense is primarily driven by an increase in pre-tax income while the increase in the effective tax rate is mainly attributable to higher tax expense from stock-based compensation.

Net deferred taxes are as follows:

	May 4, 2024	(in thousands) February 3, 2024	April 29, 2023
Deferred tax asset	\$ 2,313	\$ 2,436	\$ 3,079
Deferred tax liability	240,609	227,593	220,609
Net deferred tax liability	<u>\$ 238,296</u>	<u>\$ 225,157</u>	<u>\$ 217,530</u>

Net deferred tax assets relate to Puerto Rico deferred balances that have a future net benefit for tax purposes. Net deferred tax liabilities primarily relate to intangible assets and depreciation expense where the Company has a future obligation for tax purposes.

As of May 4, 2024, the Company had a deferred tax asset related to net operating losses of \$

5.1
million, inclusive of \$

4.8
million related to state net operating losses that expire at various dates between 2025 and 2041, as well as \$

0.3
million related to Puerto Rico net operating losses that will expire in 2025.

As of May 4, 2024, the Company had a deferred tax asset related to tax credit carry-forwards of \$

9.2
million, inclusive of \$

8.9
million of state tax credit carry-forwards, which will begin to expire in 2025, and \$

0.3
million of deferred tax assets recorded for Puerto Rico alternative minimum tax credits that have an indefinite life.

As of May 4, 2024, February 3, 2024 and April 29, 2023, valuation allowances amounted to \$

10.0
million, \$

11.4
million and \$

13.9

million, respectively, related to state and Puerto Rico net operating losses and state tax credit carry-forwards. The Company believes that it is more likely than not that this portion of state and Puerto Rico net operating losses and state tax credit carry-forwards will not be realized.

8. Capital Stock

Treasury Stock

The Company accounts for treasury stock under the cost method.

Shares Used to Satisfy Tax Withholding

During the three month period ended May 4, 2024, the Company acquired

63,407
shares of common stock from employees for approximately \$

12.2

million to satisfy their minimum statutory tax withholdings related to the vesting of restricted stock unit awards, which was recorded in the line item "Treasury stock, at cost" on the Company's Condensed Consolidated Balance Sheets, and the line item "Purchase of treasury shares" on the Company's Condensed Consolidated Statements of Cash Flows.

Share Repurchase Program

On February 16, 2022, the Company's Board of Directors authorized the repurchase of up to \$

500
million of common stock, which expired in February 2024.

On August 15, 2023, the Company's Board of Directors authorized the repurchase of up to an additional \$

500
million of common stock, which is authorized to be executed through August 2025.

During the three month period ended May 4, 2024, the Company repurchased

312,238
shares of common stock for \$

63.4

million under its repurchase program, which was recorded in the line item "Treasury stock, at cost" on the Company's Condensed Consolidated Balance Sheets, and the line item "Purchase of treasury shares" on the Company's Condensed Consolidated Statements of Cash Flows. As of May 4, 2024, the Company had an aggregate of \$

441.7
million remaining under its share repurchase authorizations.

9. Net Income Per Share

Basic net income per share is calculated by dividing net income by the weighted-average number of common shares outstanding. Diluted net income per share is calculated by dividing net income by the weighted-average number of common shares and potentially dilutive securities outstanding during the period using the treasury stock method for the Company's stock-based compensation grants and the if-converted method for the 2025 Convertible Notes and the 2027 Convertible Notes. The following table presents the computation of basic and diluted net income per share:

	<i>(in thousands, except per share data)</i>	
	Three Months Ended	
	May 4, 2024	April 29, 2023
<i>Basic net income per share</i>		
Net income	\$ <u>78,514</u>	\$ <u>32,748</u>
Weighted average number of common shares – basic	63,871	64,954

Net income per common share – basic	\$ <u>1.23</u>	\$ <u>0.50</u>
<i>Diluted net income per share</i>		
Net income	\$ <u>78,514</u>	\$ <u>32,748</u>
Shares for basic and diluted net income per share:		
Weighted average number of common shares – basic	63,871	64,954
Assumed exercise of stock options and vesting of restricted stock	396	337
Assumed conversion of convertible debt	—	—
Weighted average number of common shares – diluted	<u>64,267</u>	<u>65,291</u>

Net income per common share – diluted	\$ <u>1.22</u>	\$ <u>0.50</u>
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Approximately

771,000 shares of the Company's stock-based compensation grants were excluded from diluted net income per share for the three month period ended May 4, 2024, since their effect was anti-dilutive.

Approximately

540,000 shares related to the Company's stock-based compensation grants were excluded from diluted net income per share for the three month period ended April 29, 2023, since their effect was anti-dilutive.

During the three months ended May 4, 2024, shares of common stock issuable upon conversion of the 2025 Convertible Notes and 2027 Convertible Notes have been excluded from the computation of diluted earnings per share as the effect would be anti-dilutive, since the conversion prices of \$

220.18 and \$

205.93, respectively, exceeded the average market price of the Company's common stock during the periods.

10. Stock Based Compensation

As of May 4, 2024, there were

3,915,644 shares of common stock available for issuance under the Company's 2022 Omnibus Incentive Plan.

Non-cash stock compensation expense is as follows:

Type of Non-Cash Stock Compensation	(in thousands)	
	May 4, 2024	April 29, 2023
Restricted stock unit grants (a)	\$ 9,948	\$ 9,365
Stock option grants (a)	4,567	4,203
Performance stock unit grants (a)	4,592	3,154
Total (b)	\$ 19,107	\$ 16,722

(a) Included in the line item "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

(b) The amounts presented in the table above exclude taxes. For the three month period ended May 4, 2024, the tax benefit related to the Company's non-cash stock compensation was approximately \$

3.6

million. For the three month period ended April 29, 2023, the tax benefit related to the Company's non-cash stock compensation was approximately \$

3.2

million.

Stock Options

Stock option transactions during the three month period ended May 4, 2024 are summarized as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Options outstanding, February 3, 2024	1,356,258	\$ 197.90

Options granted	361,395	178.02
	(
Options exercised (a)	55,688	152.14
	(
Options forfeited	17,428	226.78
)	
Options outstanding, May 4, 2024	1,644,537	194.77
	<hr/>	\$

(a) Options exercised during the three month period ended May 4, 2024 had a total intrinsic value of \$

3.8
million .

The following table summarizes information about the stock options vested and expected to vest during the contractual term of such options as of May 4, 2024:

	Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)
Options vested and expected to vest	1,644,537	7.7	\$ 194.77	\$ 14.7
Options exercisable	827,047	6.2	\$ 199.18	\$ 9.8

The fair value of each stock option granted during the three month period ended May 4, 2024 was estimated using the Black Scholes option pricing model using the following assumptions on a weighted average basis:

	Three Months Ended May 4, 2024
Risk-free interest rate	4.69 %
Expected volatility	42 %
Expected life (years)	4.03
Contractual life (years)	10.0
Expected dividend yield	0 %
Grant date fair value of options issued	\$ 69.72

The expected dividend yield was based on the Company's expectation of not paying dividends in the near term. To evaluate its volatility factor, the Company uses the historical volatility of its stock price over the expected life of the options. The risk free interest rate was based on the U.S. Treasury rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the awards being valued. The expected life of the options was estimated using historical exercise rates.

Restricted Stock

Restricted stock transactions during the three month period ended May 4, 2024 are summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Award
Non-vested awards outstanding, February 3, 2024	570,952	\$ 204.97
Awards granted	279,097	178.74
Awards vested (a)	137,072	230.33
Awards forfeited	10,316	200.79
Non-vested awards outstanding, May 4, 2024	702,661	189.67

(a) Restricted stock awards vested during the three month period ended May 4, 2024 had a total intrinsic value of \$

24.9
million .

The fair value of each share of restricted stock granted during the three month period ended May 4, 2024 was based upon the closing price of the Company's common stock on the grant date.

Performance Stock Units

The Company grants performance-based restricted stock units to its senior executives. Vesting of the performance stock units granted in Fiscal 2021 was based on continued service and the achievement of pre-established adjusted EBIT margin expansion and sales compounded annual growth rate (CAGR) goals (each weighted equally) over a three-year performance period. Vesting of the performance stock units granted in Fiscal 2022, Fiscal 2023, and Fiscal 2024 are based on continued service and the achievement of specified pre-established adjusted net income per share growth over a three-year performance period, as applicable for each grant. Based on the Company's achievement of these goals, each award may be earned up to

200

% of the target award. In the event that actual performance is below threshold, no award will be made. Compensation costs recognized on the performance stock units are adjusted, as applicable, for performance above or below the target specified in the award.

Performance stock unit transactions during the three month period ended May 4, 2024 are summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Award
Non-vested awards outstanding, February 3, 2024	226,917	\$ 217.29
Awards granted	122,691	184.29
Awards vested (a)	(44,535)	319.32
Awards forfeited	(3,612)	272.42
Non-vested awards outstanding, May 4, 2024	<u>301,461</u>	<u>188.13</u>

(a) Performance-based stock awards vested during the three month period ended May 4, 2024 had a total intrinsic value of \$

10.1 million.

11. Commitments and Contingencies

Legal

In the course of business, the Company is party to class or collective actions alleging violations of federal and state wage and hour and other labor statutes, representative claims under the California Private Attorneys' General Act and various other lawsuits and regulatory proceedings from time to time including, among others, commercial, product, employee, customer, intellectual property and other claims. Actions against us are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties. While no assurance can be given as to the ultimate outcome of these matters, the Company believes that the final resolution of these actions will not have a material adverse effect on the Company's results of operations, financial position, liquidity or capital resources.

Letters of Credit

The Company had letters of credit arrangements with various banks in the aggregate amount of \$

77.3 million, \$

75.8 million and \$

53.2 million as of May 4, 2024, February 3, 2024 and April 29, 2023, respectively. Among these arrangements, as of May 4, 2024, February 3, 2024 and April 29, 2023, the Company had letters of credit outstanding in the amount of \$

77.3 million, \$

75.8 million and \$

51.5 million, respectively, guaranteeing performance under various lease agreements, insurance contracts, and utility agreements. In addition, the Company had outstanding letters of credit arrangements in the amount of \$

1.7 million at April 29, 2023 related to certain merchandising agreements, and

none

at May 4, 2024 and February 3, 2024. Based on the terms of the agreement governing the ABL Line of Credit, the Company had the ability to enter into letters of credit up to \$

160.2 million, \$

174.2
million and \$

96.8
million as of May 4, 2024, February 3, 2024 and April 29, 2023, respectively.

Purchase Commitments

The Company had \$

1,685.0
million of purchase commitments related to goods that were not received as of May 4, 2024.

BURLINGTON STORES, INC.

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

The following discussion summarizes the significant factors affecting our consolidated operating results, financial condition, liquidity and cash flows as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included elsewhere in this report and the Consolidated Financial Statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 (Fiscal 2023 10-K).

In addition to historical information, this discussion and analysis contains forward-looking statements based on current expectations that involve risks, uncertainties and assumptions, such as our plans, objectives, expectations and intentions. Our actual results or other events may differ materially from those anticipated in these forward-looking statements due to various factors, including those discussed under the section of this Item 2 entitled "Safe Harbor Statement."

Executive Summary

Introduction

We are a nationally recognized off-price retailer of high-quality, branded merchandise at everyday low prices. We opened our first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since then, we have expanded our store base to 1,021 stores as of May 4, 2024 in 46 states, Washington D.C. and Puerto Rico. We have diversified our product categories by offering an extensive selection of in-season, fashion-focused merchandise at up to 60% off other retailers' prices, including: women's ready-to-wear apparel, menswear, youth apparel, baby, beauty, footwear, accessories, home, toys, gifts and coats. We sell a broad selection of desirable, first-quality, current-brand, labeled merchandise acquired directly from nationally-recognized manufacturers and other suppliers.

Fiscal Year

Fiscal 2024 is defined as the 52-week year ended February 1, 2025. Fiscal 2023 is defined as the 53-week year ending February 3, 2024. The first quarter of Fiscal 2024 and Fiscal 2023 each consist of 13 weeks.

Store Openings, Closings, and Relocations

During the three month period ended May 4, 2024, we opened 36 new stores, inclusive of 11 relocations, and permanently closed 11 stores, exclusive of the aforementioned relocations, bringing our store count as of May 4, 2024 to 1,021 stores.

Ongoing Initiatives for Fiscal 2024

We continue to focus on a number of ongoing initiatives aimed at increasing our overall profitability. These initiatives include, but are not limited to:

- **Driving Comparable Store Sales Growth.**

We strive to increase comparable store sales through the following initiatives:

- *More Effectively Chasing the Sales Trend.* We plan sales using conservative comparable store sales growth, holding and controlling liquidity, closely analyzing the sales trend by business, and remaining ready to chase that trend. We believe that these actions will also allow us to take more advantage of great opportunistic buys.
- *Operating with Leaner Inventories.* We are planning to carry less inventory in our stores going forward compared to historical levels, which we believe should result in the customer finding a higher mix of fresh receipts and great merchandise values. We believe that this should drive faster turns and lower markdowns, while simultaneously improving our customers' shopping experience.
- *Investment in Merchandising Capabilities.* We plan to continue investing in training and coaching, improved tools and reporting, incremental headcount, especially in growing or under-developed businesses, and other forms of

merchant support. We believe that these investments should improve our ability to strengthen vendor relationships, source great merchandise buys, more accurately assess value, and better forecast and chase the sales trend.

- *Enhancing Existing Categories and Introducing New Categories.* We have opportunities to expand our offerings in certain existing categories, such as ladies' apparel, beauty, and home merchandise, and maintain the flexibility to introduce new categories as we expand our merchandising capabilities.

• **Expanding and Enhancing Our Retail Store Base.**

We intend to expand and enhance our retail store base through the following initiatives:

- *Adhering to a Market Focused and Financially Disciplined Real Estate Strategy.* We have grown our store base consistently since our founding in 1972. We believe there is significant opportunity to expand our retail store base in the United States. As a result of our smaller store prototype, we have identified numerous market opportunities that we believe will allow us to operate 2,000 stores over the long term. Beginning in Fiscal 2024, we expect to average about 100 net new stores per year through Fiscal 2028, for a total of 500 net new stores over the five-year period.
- *Enhancing the Store Experience.* We continue to invest in select store relocations and downsizes to improve the customer experience, taking into consideration the age, size, sales, and location of a store. Relocations provide an opportunity, upon lease expirations, to right-size our stores, improve our competitive positioning, incorporate our new prototype store designs and reduce occupancy costs. Downsizes provide an opportunity to right-size our stores, within our existing space, improve co-tenancy, incorporate our new store designs and reduce occupancy costs.

• **Enhancing Operating Margins.**

We intend to increase our operating margins through the following initiatives:

- *Improving Operational Flexibility.* Our store and supply chain teams must continue to respond to the sales chase, enhancing their ability at flexing up and down based on trends, and allowing us to maximize leverage on sales.
- *Optimizing Markdowns.* We believe that our markdown system allows us to maximize sales and gross margin dollars based on forward-looking sales forecasts, sell-through targets and exit dates. Additionally, as we plan to carry less inventory in our stores compared to historical levels, we expect to drive faster turns, which should reduce the amount of markdowns taken compared to historical levels.
- *Optimizing the Supply Chain.* We believe that our transportation initiatives will lead to lower freight costs compared to recent levels, and that our efficiency and labor productivity initiatives will result in lower supply chain costs over the next several years. We also believe there are longer-term supply chain opportunities through investments in automation.
- *Challenging Expenses to Drive Operating Leverage.* We believe sales growth will drive fixed cost operating leverage. In addition, by more conservatively planning our comparable store sales growth, we are forcing even tighter expense control throughout all areas of our business. We believe that this should put us in a strong position to drive favorable operating leverage on any sales ahead of the plan. Additionally, we plan to continue challenging the processes and operating norms throughout the organization with the belief that this will lead to incremental efficiency improvements and savings.

Uncertainties and Challenges

As we strive to increase profitability, there are uncertainties and challenges that we face that could have a material impact on our revenues or income. Some of these uncertainties and challenges are summarized below. For a further discussion, please refer to the description under the heading "Risk Factors" in the Fiscal 2023 10-K.

General Economic Conditions. There remains a high level of uncertainty in the current macroeconomic and geopolitical environments, and prolonged inflationary pressures continue to negatively impact the discretionary spending of the low-income shopper, our core customer. In addition to inflation, consumer spending habits, including spending for the merchandise that we sell, are affected by, among other things, prevailing global economic conditions, the costs of basic necessities and other goods, levels of employment, salaries and wage rates, prevailing interest rates, reductions in government benefits and lower tax refunds, housing costs, energy costs, commodities pricing, income tax rates and policies, consumer confidence and consumer perception of economic conditions. In addition, consumer purchasing patterns are generally influenced by consumers' disposable income, credit availability and debt levels.

A broad, protracted slowdown or downturn in the U.S. economy, an extended period of high unemployment or inflation rates, an uncertain domestic or global economic outlook or a financial crisis could adversely affect consumer spending habits resulting in lower net sales and profits than expected on a quarterly or annual basis. Conversely, if inflation continues to decline, it could benefit our core customers who have been impacted by the higher cost of living since early 2022, and if economic growth slows, it could cause moderate and higher-income shoppers to become more value conscious. Both of these developments, if they occur, would be expected to improve our business. Consumer confidence is also affected by the domestic and international political situation. Our financial condition and operations could be impacted by changes in government regulations in areas including, but not limited to, taxes and healthcare. Ongoing international trade and tariff negotiations could have a direct impact on our income and an indirect impact on consumer prices. The outbreak or escalation of war, or the occurrence of terrorist acts or other hostilities in or affecting the U.S., or public health issues such as pandemics or epidemics, could lead to a decrease in spending by consumers. In addition, natural disasters, public health issues, industrial accidents and acts of war or conflicts in various parts of the world (such as the conflict in Ukraine or the Hamas-Israel war), could have the effect of disrupting supplies and raising prices globally which, in turn, may have adverse effects on the world and U.S. economies and lead to a downturn in consumer confidence and spending.

We closely monitor our net sales, gross margin and expenses. We have performed scenario planning such that if our net sales decline for an extended period of time, we have identified variable costs that could be reduced to partially mitigate the impact of these declines. If we were to experience adverse sales trends and if our efforts to counteract the impacts of these trends are not sufficiently effective, there could be a negative impact on our financial performance and position in future fiscal periods.

Seasonality of Sales and Weather Conditions. Our business, like that of most retailers, is subject to seasonal influences. In the second half of the year, which includes the back-to-school and holiday seasons, we generally realize a higher level of sales and net income.

Weather continues to be a contributing factor to the sale of our merchandise. Generally, our sales are higher if the weather is cold during the Fall and warm during the early Spring. Sales of cold weather clothing are generally increased by early cold weather during the Fall, while sales of warm weather clothing are generally increased by early warm weather conditions in the Spring. Although we have diversified our product offerings, we believe traffic to our stores is still driven, in part, by weather patterns.

Competition and Margin Pressure. We believe that in order to remain competitive with retailers, including off-price retailers and discount stores, we must continue to offer brand-name merchandise at a discount to prices offered by other retailers as well as an assortment of merchandise that is appealing to our customers.

The U.S. retail apparel and home furnishings markets are highly fragmented and competitive. We compete for business with department stores, off-price retailers, internet retailers, specialty stores, discount stores, wholesale clubs, and outlet stores as well as with certain traditional, full-price retail chains that have developed off-price concepts. At various times throughout the year, traditional full-price department store chains and specialty shops offer brand-name merchandise at substantial markdowns, which can result in prices approximating those offered by us at our Burlington Stores. We anticipate that competition will increase in the future. Therefore, we will continue to look for ways to differentiate our stores from those of our competitors.

The U.S. retail industry continues to face increased pressure on margins as overall challenging retail conditions have led consumers to be more value conscious. Additionally, lower-to-moderate income shoppers continue to face economic pressure due to higher cost of living. Our strategy to chase the sales trend allows us the flexibility to purchase less pre-season merchandise with the balance purchased in-season and opportunistically. It also provides us with the flexibility to shift purchases between suppliers and categories. We believe that this enables us to obtain better terms with our suppliers, which we expect will help offset any rising costs of goods.

We have previously experienced inflationary pressure in our supply chain and with respect to raw materials and finished goods, as well as in occupancy and other operating costs. There can be no assurance that we will be able to offset inflationary pressure in the future by increasing prices or through other means, or that our business will not be negatively affected by continued inflation in the future.

Key Performance and Non-GAAP Measures

We consider numerous factors in assessing our performance. Key performance and non-GAAP measures used by management include net income, Adjusted Net Income, Adjusted EBITDA, Adjusted EBIT, comparable store sales, gross margin, inventory and liquidity.

Net income. We earned net income of \$78.5 million during the three month period ended May 4, 2024 compared with \$32.7 million during the three month period ended April 29, 2023. This increase was primarily driven by higher sales, as well as increased gross margin rate. Refer to the section below entitled "Results of Operations" for further explanation.

Adjusted Net Income, Adjusted EBITDA and Adjusted EBIT: Adjusted Net Income, Adjusted EBITDA and Adjusted EBIT are non-GAAP financial measures of our performance.

We define Adjusted Net Income as net income, exclusive of the following items, if applicable: (i) net favorable lease costs; (ii) loss on extinguishment of debt; (iii) impairment charges; and (iv) other unusual or non-recurring expenses, losses, charges or gains, all of which are tax effected to arrive at Adjusted Net Income.

We define Adjusted EBITDA as net income, exclusive of the following items, if applicable: (i) interest expense; (ii) interest income; (iii) loss on extinguishment of debt; (iv) income tax expense; (v) depreciation and amortization; (vi) net favorable lease costs; (vii) impairment charges; and (viii) other unusual or non-recurring expenses, losses, charges or gains.

We define Adjusted EBIT as net income, exclusive of the following items, if applicable: (i) interest expense; (ii) interest income; (iii) loss on extinguishment of debt; (iv) income tax expense; (v) impairment charges; (vi) net favorable lease costs; and (vii) other unusual or non-recurring expenses, losses, charges or gains.

We present Adjusted Net Income, Adjusted EBITDA and Adjusted EBIT because we believe they are useful supplemental measures in evaluating the performance of our business and provide greater transparency into our results of operations. In particular, we believe that excluding certain items that may vary substantially in frequency and magnitude from what we consider to be our core operating results are useful supplemental measures that assist investors and management in evaluating our ability to generate earnings and leverage sales, and to more readily compare core operating results between past and future periods.

We believe that these non-GAAP measures provide investors helpful information with respect to our operations and financial condition. Other companies in the retail industry may calculate these non-GAAP measures differently such that our calculation may not be directly comparable.

Adjusted Net Income has limitations as an analytical tool, and should not be considered either in isolation or as a substitute for net income or other data prepared in accordance with GAAP. Among other limitations, Adjusted Net Income does not reflect the following items, net of their tax effect:

- net favorable lease costs;
- losses on extinguishment of debt;
- impairment charges on long-lived assets; and
- other unusual, non-recurring or extraordinary expenses, losses, charges or gains.

During the three months ended May 4, 2024, Adjusted Net Income increased \$31.8 million to \$86.8 million compared to the same period in the prior year. This increase was primarily driven by higher sales, as well as increased gross margin rate. Refer to the section below entitled "Results of Operations" for further explanation.

The following table shows our reconciliation of net income to Adjusted Net Income for the three months ended May 4, 2024 compared with the three months ended April 29, 2023:

	<i>(in thousands)</i>	
	Three Months Ended	Three Months Ended
	May 4, 2024	April 29, 2023
Reconciliation of net income to Adjusted Net Income:		
Net income	\$ 78,514	\$ 32,748
Net favorable lease costs (a)	2,970	4,064
Loss on extinguishment of debt (b)	—	24,644
Impairment charges - long-lived assets	8,210	844
Tax effect (c)	(2,881)	(7,302)
Adjusted Net Income	\$ 86,813	\$ 54,998

(a) Net favorable lease costs represent the non-cash expense associated with favorable and unfavorable leases that were recorded as a result of purchase accounting related to the April 13, 2006 Bain Capital acquisition of Burlington Coat Factory Warehouse Corporation (the Merger Transaction). These expenses are recorded in the line item "Selling, general and administrative expenses" in our Condensed Consolidated Statements of Income.

(b) Fiscal 2023 amounts relate to the partial repurchases of the \$805.0 million, 2.25% Convertible Senior Notes due 2025 (2025 Convertible Notes).

(c) Tax effect is calculated based on the effective tax rates (before discrete items) for the respective periods, adjusted for the tax effect for the impact of the reconciling items listed in the table above.

Adjusted EBIT and Adjusted EBITDA have limitations as analytical tools, and should not be considered either in isolation or as a substitute for net income or other data prepared in accordance with GAAP. Among other limitations, Adjusted EBIT does not reflect:

- net interest expense;
- net favorable lease costs;
- losses on the extinguishment of debt;
- impairment charges on long-lived assets;
- income tax expense; and
- other unusual, non-recurring or extraordinary expenses, losses, charges or gains.

Adjusted EBITDA is further adjusted for depreciation and amortization. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will likely have to be replaced in the future.

During the three months ended May 4, 2024, Adjusted EBIT increased \$42.6 million to \$129.4 million compared to the same period in the prior year. Adjusted EBITDA increased \$54.1 million to \$211.4 million compared to the same period in the prior year. These increases were primarily driven by higher sales, as well as increased gross margin rate. Refer to the section below entitled "Results of Operations" for further explanation.

The following table shows our reconciliation of net income to Adjusted EBIT and Adjusted EBITDA for the three months ended May 4, 2024 compared with the three months ended April 29, 2023:

	(unaudited)	
	Three Months Ended	
	May 4, 2024	April 29, 2023
Reconciliation of net income to Adjusted EBIT and Adjusted EBITDA		
Net income	\$ 78,514	\$ 32,748
Interest expense	16,649	19,345
Interest income	(8,072)	(5,459)
Net favorable lease costs (a)	2,970	4,064
Loss on extinguishment of debt (b)	—	24,644
Impairment charges - long-lived assets	8,210	844
Income tax expense	31,125	10,570
Adjusted EBIT	129,396	86,756
Depreciation and amortization	81,965	70,529
Adjusted EBITDA	\$ 211,361	\$ 157,285

(a) Net favorable lease costs represent the non-cash expense associated with favorable and unfavorable leases that were recorded as a result of purchase accounting related to the Merger Transaction. These expenses are recorded in the line item "Selling, general and administrative expenses" in our Condensed Consolidated Statements of Income.

(b) Fiscal 2023 amounts relate to the partial repurchases of the 2025 Convertible Notes.

Comparable Store Sales. Comparable store sales measure performance of a store during the current reporting period against the performance of the same store in the corresponding period of a prior year. The method of calculating comparable store sales varies across the retail industry. As a result, our definition of comparable store sales may differ from other retailers.

We define comparable store sales as merchandise sales of those stores commencing on the first day of the fiscal month one year after the end of their grand opening activities, which normally conclude within the first two months of operations. If a store is closed for seven or more days during a month, our policy is to remove that store from our calculation of comparable store sales for any such month, as well as during the month(s) of their grand re-opening activities. To account for the shift in weeks from the 53rd week of Fiscal 2023, comparable store sales for the first quarter of Fiscal 2024 is comparing the 13 weeks ended May 4, 2024 to the 13 weeks ended May 6, 2023. The change in our comparable store sales was as follows:

	Fiscal Quarter Ended	Change in Comparable Store Sales
May 4, 2024		2%
April 29, 2023		4%

Various factors affect comparable store sales, including, but not limited to, weather conditions, current economic conditions, the timing of our releases of new merchandise and promotional events, the general retail sales environment, consumer preferences and buying trends, changes in sales mix among distribution channels, competition, and the success of marketing programs.

Gross Margin. Gross margin is the difference between net sales and the cost of sales. Our cost of sales and gross margin may not be comparable to those of other entities, since some entities may include all of the costs related to their buying and distribution functions, certain store-related costs and other costs, in cost of sales. We include certain of these costs in the line items "Selling, general and administrative expenses" and "Depreciation and amortization" in our Condensed Consolidated Statements of Income. We include in our "Cost of sales" line item all costs of merchandise (net of purchase discounts and certain vendor allowances), inbound freight, distribution center outbound freight and certain merchandise acquisition costs, primarily commissions and import fees.

Gross margin as a percentage of net sales increased to 43.5% during the three month period ended May 4, 2024, compared with 42.3% during three month period ended April 29, 2023, driven primarily by increased merchandise margins and decreased freight costs.

Product sourcing costs, which are included in selling, general and administrative expenses, decreased approximately 100 basis points as a percentage of net sales, primarily driven by supply chain efficiency initiatives.

Inventory. Inventory at May 4, 2024 decreased to \$1,140.8 million compared with \$1,231.1 million at April 29, 2023. The decrease was attributable primarily to a decrease in reserve inventory and a decrease in comparable store inventory, partially offset by 88 net new stores opened since the end of the first quarter of Fiscal 2023.

Reserve inventory includes all inventory that is being stored for release either later in the season, or in a subsequent season. We intend to use our reserve merchandise to effectively chase sales trends.

In order to better serve our customers and maximize sales, we continue to refine our merchandising mix and inventory levels within our stores. By appropriately managing our inventories, we believe we will be better able to deliver a continual flow of fresh merchandise to our customers.

Liquidity. Liquidity measures our ability to generate cash. Management measures liquidity through cash flow, which is the measure of cash generated from or used in operating, financing, and investing activities. Cash and cash equivalents, including restricted cash and cash equivalents, decreased \$183.0 million during the three months ended May 4, 2024, compared with a decrease of \$340.2 million during the three months ended April 29, 2023. At May 4, 2024, we also had \$779.1 million available under the ABL Line of Credit with no borrowings during the three month period ended May 4, 2024. Refer to the section below entitled "Liquidity and Capital Resources" for further explanation.

Results of Operations

The following table sets forth certain items in the Condensed Consolidated Statements of Income as a percentage of net sales for the three months ended May 4, 2024.

	Percentage of Net Sales Three Months Ended	
	May 4, 2024	April 29, 2023
Net sales	100.0%	100.0%
Other revenue	0.2	0.2
Total revenue	100.2	100.2
Cost of sales	56.5	57.7
Selling, general and administrative expenses	35.0	35.4
Depreciation and amortization	3.5	3.3
Impairment charges - long-lived assets	0.3	0.0
Other income - net	(0.5)	(0.4)
Loss on extinguishment of debt	—	1.2
Interest expense	0.7	0.9
Total costs and expenses	95.5	98.1
Income before income tax expense	4.7	2.1
Income tax expense	1.3	0.5
Net income	3.4%	1.6%

Three Month Period Ended May 4, 2024 Compared With the Three Month Period Ended April 29, 2023

Net sales

Net sales improved approximately \$224.5 million, or 10.5%, to \$2,357.3 million during the first quarter of Fiscal 2024, primarily driven by a 2% increase in comparable stores sales during the first quarter of Fiscal 2024, as well as net sales from our 88 net new stores opened since the end of the first quarter of Fiscal 2023.

Cost of sales

Cost of sales as a percentage of net sales decreased to 56.5% during the first quarter of Fiscal 2024, compared to 57.7% during the first quarter of Fiscal 2023. This decrease was primarily driven by decreased markdowns and decreased freight costs. On a dollar basis, cost of sales increased \$99.1 million, or 8.0%, primarily driven by our overall increase in sales.

Selling, general and administrative expenses

Selling, general and administrative expenses as a percentage of net sales decreased to 35.0% during the first quarter of Fiscal 2024, compared to 35.4% during the first quarter of Fiscal 2023. The decrease was primarily driven by a 100 basis point improvement in product sourcing costs, resulting from supply chain efficiency initiatives, as well as an improvement in advertising costs. These improvements were partially offset by increased store related costs and store payroll costs. On a dollar basis, selling, general and administrative expenses increased by \$69.6 million, or 9.2%, to \$825.2 million during the first quarter of Fiscal 2024. The increase was primarily driven by increases in occupancy costs and store payroll costs.

During Fiscal 2023, we acquired 64 store leases directly from Bed, Bath & Beyond. We started paying rent immediately upon acquisition for all of the stores. 32 of these stores were opened during Fiscal 2023, 20 opened during the first quarter of Fiscal 2024, and the remaining are planned to open during the second and third quarters of Fiscal 2024. This transaction resulted in \$6.0 million of selling, general and administrative expenses during the first quarter of Fiscal 2024.

Depreciation and amortization

Depreciation and amortization expense amounted to \$82.0 million during the first quarter of Fiscal 2024 compared with \$70.5 million during the first quarter of Fiscal 2023. The increase in depreciation and amortization expense was primarily driven by capital expenditures related to new and non-comparable stores, as well as our supply chain.

Impairment charges – long-lived assets

Impairment charges on long-lived assets were \$8.2 million during the first quarter of Fiscal 2024, related to one owned store selling below carrying value in a sale-leaseback transaction. Impairment charges on long-lived assets were \$0.8 million during the first quarter of Fiscal 2023, primarily related to store-level assets at seven stores.

The recoverability assessment related to these store-level assets requires various judgments and estimates, including estimates related to future revenues, gross margin rates, store expenses and other assumptions. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store. Refer to Note 6, "Fair Value Measurements," for further discussion regarding impairment charges.

Loss on Extinguishment of Debt

There were no debt extinguishment charges during the first quarter of Fiscal 2024. During the first quarter of Fiscal 2023 we entered into separate, privately negotiated exchange agreements with certain holders of the Convertible Notes. Under the terms of the exchange agreements, the holders exchanged \$110.3 million in aggregate principal amount of Convertible Notes held by them for \$133.3 million in cash. These exchanges resulted in aggregate pre-tax debt extinguishment charges of \$24.6 million.

Other income - net

Other income - net improved \$1.9 million to \$10.9 million during the first quarter of Fiscal 2024, compared to the same period in the prior year. The increase was primarily driven by increased interest income.

Interest expense

Interest expense improved \$2.7 million during the first quarter of Fiscal 2024 to \$16.6 million, compared to the same period in the prior year. This improvement was primarily driven by a reduction in interest expense related to accumulated other comprehensive income on our previous interest rate swap, which was fully amortized as of the end of Fiscal 2023. Additionally, we had a lower average balance of 2025 Convertible Notes, and a lower interest rate on the 2027 Convertible Notes compared to the 2025 Convertible Notes that were extinguished, partially offset by a higher interest rate on the unhedged portion of the term loan.

The average interest rate on the Term Loan Facility was 7.4% and 6.7% for the first quarter of Fiscal 2024 and the first quarter of Fiscal 2023, respectively. The average balance on the Term Loan Facility, excluding the original issue discount, was \$936.5 million and \$946.2 million for the first quarter of Fiscal 2024 and the first quarter of Fiscal 2023, respectively.

Income tax expense

Income tax expense was \$31.1 million during the first quarter of Fiscal 2024 compared with income tax expense of \$10.6 million during the first quarter of Fiscal 2023. The effective tax rate for the first quarter of Fiscal 2024 was 28.4% compared with 24.4% during the first quarter of Fiscal 2023. The increase in expense is primarily driven by an increase in pre-tax income while the increase in the effective tax rate is mainly attributable to higher tax expense from stock-based compensation.

At the end of each interim period we are required to determine the best estimate of our annual effective tax rate and then apply that rate in providing for income taxes on a current year-to-date (interim period) basis. Use of this methodology during the first quarter of Fiscal 2024 resulted in an annual effective income tax rate of approximately 26% (before discrete items) as our best estimate.

Net income

We earned net income of \$78.5 million for the first quarter of Fiscal 2024 compared with \$32.7 million for the first quarter of Fiscal 2023. This increase was primarily driven by higher sales, as well as increased gross margin rate. Net income for the first quarter of Fiscal 2024 included \$4.3 million of expense, net of income taxes, related to the acquired leases from Bed Bath & Beyond, included in the line item "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

Liquidity and Capital Resources

Our ability to satisfy interest payment and future principal payment obligations on our outstanding debt will depend largely on our future performance which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. If we do not have sufficient cash flow to service interest payment and future principal payment obligations on our outstanding indebtedness and if we cannot borrow or obtain equity financing to satisfy those obligations, our business and results of

operations will be materially adversely affected. We cannot be assured that any replacement borrowing or equity financing could be successfully completed on terms similar to our current financing agreements, or at all.

We believe that cash generated from operations, along with our existing cash and our ABL Line of Credit, will be sufficient to fund our expected cash flow requirements and planned capital expenditures for at least the next twelve months as well as the foreseeable future. However, there can be no assurance that we would be able to offset declines in our comparable store sales with savings initiatives.

As market conditions warrant, we may, from time to time, repurchase our outstanding debt securities in the open market, in privately negotiated transactions, by tender offer, by exchange transaction or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity and other factors and may be commenced or suspended at any time. The amounts involved and total consideration paid may be material.

Cash Flow for the Three Month Period Ended May 4, 2024 Compared With the Three Month Period Ended April 29, 2023

We used \$183.0 million of cash during the three month period ended May 4, 2024 compared with \$340.2 million during the three month period ended April 29, 2023.

Net cash provided by operating activities amounted to \$49.4 million during the three month period ended May 4, 2024, compared with net cash used of \$78.0 million during the three month period ended April 29, 2023. The increase in our operating cash flows was primarily driven by improved sales and gross margin, as well as the impact of changes in working capital.

Net cash used in investing activities was \$165.5 million during the three month period ended May 4, 2024 compared with \$86.2 million during the three month period ended April 29, 2023. This change was primarily the result of an increase in capital expenditures related to increased store openings.

Net cash used in financing activities was \$66.9 million during the three month period ended May 4, 2024 compared with \$176.1 million during the three month period ended April 29, 2023. This change was primarily driven by less debt repayments, partially offset by increased repurchases of shares of our common stock under our share repurchase program in Fiscal 2024.

Changes in working capital also impact our cash flows. Working capital equals current assets (exclusive of restricted cash) minus current liabilities. We had working capital at May 4, 2024 of \$140.8 million compared with \$265.4 million at April 29, 2023. The decrease in working capital was primarily due to increased current maturities of long term debt related to the 2025 Convertible Notes, increased accounts payable, decreased inventory, and increased other current liabilities (primarily accrued expenses), partially offset by increased cash balance and increased prepaid assets (primarily rent and supplies). We had working capital at February 3, 2024 of \$298.2 million.

Capital Expenditures

For the three month period ended May 4, 2024, capital expenditures, net of \$2.8 million of landlord allowances, amounted to \$146.8 million (inclusive of accrued capital expenditures).

We estimate that we will spend approximately \$750 million, net of approximately \$40 million of landlord allowances, in capital expenditures during Fiscal 2024, including approximately \$340 million, net of the previously mentioned landlord allowances, for store expenditures (new stores, remodels and other store expenditures). In addition, we estimate that we will spend approximately \$210 million to support our supply chain initiatives, with the remaining capital used to support our information technology and other business initiatives.

Share Repurchase Program

On February 16, 2022, our Board of Directors authorized the repurchase of up to \$500 million of common stock, which expired in February 2024. On August 15, 2023, our Board of Directors authorized the repurchase of up to an additional \$500 million of common stock, which is authorized to be executed through August 2025.

During the first quarter of Fiscal 2024, we repurchased 312,238 shares of common stock for \$63.4 million under these repurchase programs. As of May 4, 2024, we had \$441.7 million remaining under our share repurchase authorization.

We are authorized to repurchase shares of our outstanding common stock from time to time on the open market or in privately negotiated transactions under our repurchase program. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. Our share repurchase program may be

suspended, modified or discontinued at any time, and we have no obligation to repurchase any amount of our common stock under the program.

Dividends

We currently do, and intend to continue to, retain all available funds and any future earnings to fund all of the Company's capital expenditures, business initiatives, and to support any potential opportunistic capital structure initiatives. Therefore, at this time, we do not anticipate paying cash dividends in the near term. Our ability to pay dividends on our common stock will be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions under the terms of current and any future agreements governing our indebtedness. Any future determination to pay dividends will be at the discretion of our Board of Directors, subject to compliance with covenants in our current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements and other factors that our Board of Directors deems relevant.

In addition, since we are a holding company, substantially all of the assets shown on our Condensed Consolidated Balance Sheets are held by our subsidiaries. Accordingly, our earnings, cash flow and ability to pay dividends are largely dependent upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings to us in the form of dividends.

Operational Growth

During the three month period ended May 4, 2024, we opened 36 new stores, inclusive of 11 relocations, and closed 11 stores, exclusive of the aforementioned relocations, bringing our store count as of May 4, 2024 to 1,021 stores. During Fiscal 2024, we plan to open approximately 100 net new stores.

Debt and Hedging

As of May 4, 2024, our obligations, inclusive of original issue discount, include \$931.2 million under our Term Loan Facility, \$453.2 million of 2025 Convertible Notes and 2027 Convertible Notes, and no outstanding borrowings on our ABL Line of Credit. Our debt obligations also include \$27.3 million of finance lease obligations as of May 4, 2024.

Term Loan Facility

BCFWC and certain of its subsidiaries and holding companies are party to a Credit Agreement (as amended, supplemented and otherwise modified, the Term Loan Facility) that provides for term loans in an aggregate principal amount as of May 4, 2024 of \$931.2 million maturing on June 24, 2028.

On May 11, 2023, we amended the Term Loan Credit Agreement to change one of the reference interest rates for borrowings under the Term Loan Facility from the Term Loan Adjusted LIBOR Rate to the Adjusted Term SOFR Rate (as defined in the Term Loan Credit Agreement), effective as of July 1, 2023. The Adjusted Term SOFR Rate includes a credit spread adjustment of 0.11% for an interest period of one-month's duration, 0.26% for an interest period of three-months' duration and 0.43% for an interest period of six-months' duration, with a floor of 0.00%.

At May 4, 2024, our borrowing rate related to the Term Loan Facility was 7.4%.

ABL Line of Credit

BCFWC and certain of its subsidiaries and holding companies are party to a Second Amended and Restated Credit Agreement (as amended, supplemented and otherwise modified, the ABL Line of Credit) that provides for \$900.0 million of revolving commitments (subject to a borrowing base limitation) maturing on December 22, 2026, and, subject to the satisfaction of certain conditions, BCFWC can increase the aggregate amount of commitments up to \$1,200 million. The interest rate margin applicable under the ABL Line of Credit in the case of loans drawn at the Secured Overnight Financing Rate (SOFR) is 1.125% to 1.375% in the case of a daily SOFR rate or a term SOFR rate (in each case, plus a credit spread adjustment of 0.10%), and 0.125% to 0.375% in the case of a prime rate, depending on the average daily availability of the lesser of (a) the total commitments or (b) the borrowing base. The ABL Line of Credit is collateralized by a first priority lien on BCFWC's and each guarantor's inventory, receivables, bank accounts, and certain related assets and proceeds thereof (subject to certain exceptions), and a second priority lien on BCFWC's and each guarantor's other assets and proceeds thereof (other than real estate and subject to certain exceptions).

On June 26, 2023, BCFWC entered into a Fifth Amendment to the Second Amended and Restated Credit Agreement, which increased the sublimit for letters of credit thereunder from \$150 million to \$250 million. The letter of credit sublimit was automatically reduced to \$237.5 million on April 1, 2024, and will automatically be reduced to (i) \$225 million on July 1, 2024, (ii)

\$212.5 million on October 1, 2024, and (iii) \$200 million on January 1, 2025. BCFWC and the agent may extend the foregoing dates under clauses (i) and (ii), as long as the sublimit is reduced to \$200 million no later than January 1, 2025.

At May 4, 2024, we had \$779.1 million available under the ABL Line of Credit. There were no borrowings on the ABL Line of Credit during the three month period ended May 4, 2024.

2025 Convertible Notes

On April 16, 2020, we issued \$805.0 million of 2025 Convertible Notes. The 2025 Convertible Notes have an initial conversion rate of 4.5418 shares per \$1,000 principal amount of 2025 Convertible Notes (equivalent to an initial conversion price of approximately \$220.18 per share of the Company's common stock), subject to adjustment if certain events occur.

The 2025 Convertible Notes are general unsecured obligations of the Company. The 2025 Convertible Notes bear interest at a rate of 2.25% per year, payable semi-annually in cash, in arrears on April 15 and October 15 of each year, beginning on October 15, 2020. The 2025 Convertible Notes will mature on April 15, 2025, unless earlier converted, redeemed or repurchased.

During the first quarter of Fiscal 2023, we entered into separate, privately negotiated exchange agreements with certain holders of the 2025 Convertible Notes. Under the terms of the exchange agreements, the holders exchanged \$110.3 million in aggregate principal amount of 2025 Convertible Notes held by them for \$133.3 million in cash. These exchanges resulted in aggregate pre-tax debt extinguishment charges of \$24.6 million.

Prior to the close of business on the business day immediately preceding January 15, 2025, the 2025 Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the 2025 Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2025 Convertible Notes have an initial conversion rate of 4.5418 shares per \$1,000 principal amount of 2025 Convertible Notes (equivalent to an initial conversion price of approximately \$220.18 per share of our common stock), subject to adjustment if certain events occur. The initial conversion price represents a conversion premium of approximately 32.50% over \$166.17 per share, the last reported sale price of our common stock on April 13, 2020 (the pricing date of the offering) on the New York Stock Exchange. During the first quarter of Fiscal 2021, the Company made an irrevocable settlement election for any conversions of the 2025 Convertible Notes. Upon conversion, we will pay cash for the principal amount. For any excess above principal, we will deliver shares of its common stock. We were not permitted to redeem the 2025 Convertible Notes prior to April 15, 2023. From and after April 15, 2023, we are able to redeem for cash all or any portion of the 2025 Convertible Notes, at its option, if the last reported sale price of the Company's common stock is equal to or greater than 130% of the conversion price for a specified period of time, at a redemption price equal to 100% of the principal aggregate amount of the 2025 Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Holders of the 2025 Convertible Notes may require us to repurchase their 2025 Convertible Notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the 2025 Convertible Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if we issue a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their 2025 Convertible Notes in connection with such corporate event or during the relevant redemption period for such 2025 Convertible Notes.

2027 Convertible Notes

On September 12, 2023, we closed the issuance of approximately \$297.1 million aggregate principal amount of our 2027 Convertible Notes pursuant to separate, privately negotiated exchange and subscription agreements with a limited number of holders of our 2025 Convertible Notes and certain investors, in each case pursuant to exemptions from registration under the Securities Act of 1933. We exchanged approximately \$241.2 million in aggregate principal amount of the 2025 Convertible Notes for approximately \$255.0 million in aggregate principal amount of the 2027 Convertible Notes. We also issued approximately \$42.1 million in aggregate principal amount of 2027 Convertible Notes in a private placement to certain investors. An aggregate of up to 1,422,568 shares of common stock may be issued upon conversion of the 2027 Convertible Notes, which number is subject to adjustment up to an aggregate of 1,911,372 shares following certain corporate events that occur prior to the maturity date or if we issue a notice of redemption, and which is also subject to certain anti-dilution adjustments.

The 2027 Convertible Notes will bear interest at a rate of 1.25% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The 2027 Convertible Notes will mature on December 15, 2027, unless earlier converted, redeemed or repurchased.

Prior to the close of business on the business day immediately preceding September 15, 2027, the 2027 Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the 2027 Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2027 Convertible Notes have an initial conversion rate of 4.8560 shares per \$1,000 principal amount of 2027 Convertible Notes (equivalent to an initial conversion price of approximately \$205.93 per share of our common stock), subject to adjustment if certain events occur. The initial conversion price represents a conversion premium of approximately 32.50% over \$155.42 per share, the last reported sale price of our common stock on September 7, 2023 on The New York Stock Exchange. Upon conversion, we will pay cash up to the aggregate principal amount of 2027 Convertible Notes being converted, and pay (and deliver, if applicable) cash, shares of our common stock or a combination thereof, at its election, in respect of the remainder (if any) of our conversion obligation in excess of such aggregate principal amount. We will not be able to redeem the 2027 Convertible Notes prior to December 20, 2025. On or after December 20, 2025 and prior to the 21st scheduled trading day immediately preceding December 15, 2027, we will be able to redeem for cash all or any portion of the 2027 Convertible Notes, at its option, if the last reported sale price of our common stock is equal to or greater than 130% of the conversion price for a specified period of time, at a redemption price equal to 100% of the aggregate principal amount of the 2027 Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

If we undergo a fundamental change, subject to certain conditions, holders of the 2027 Convertible Notes may require us to repurchase for cash all or any portion of our 2027 New Convertible Notes. The fundamental change repurchase price will be 100% of the aggregate principal amount of the 2027 Convertible Notes to be repurchased plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Hedging

We have an interest rate swap which hedges \$450 million of variable rate exposure under our Term Loan Facility. The interest rate swap is designated as a cash flow hedge and expires on June 24, 2028. Refer to Note 5, "Derivative Instruments and Hedging Activities," for further discussion regarding our derivative transactions.

Certain Information Concerning Contractual Obligations

We had \$1,685.0 million of purchase commitments related to goods that were not received as of May 4, 2024, and had \$4,301.1 million of future minimum lease payments under operating leases as of May 4, 2024. See Note 4, "Long Term Debt" for additional information related to our debt transactions. Other than the items disclosed here, and in the "Debt and Hedging" section above, there were no other significant changes regarding our obligations to make future payments under current contracts from those included in our Fiscal 2023 10-K.

Critical Accounting Policies and Estimates

Our Condensed Financial Statements have been prepared in accordance with GAAP. We believe there are several accounting policies that are critical to understanding our historical and future performance as these policies affect the reported amounts of revenues and other significant areas that involve management's judgments and estimates. The preparation of our Consolidated Financial Statements requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities; (ii) the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements; and (iii) the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition, inventories, long-lived assets, intangible assets, goodwill, insurance reserves, leases and income taxes. Historical experience and various other factors that are believed to be reasonable under the circumstances form the basis for making estimates and judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods. A critical accounting estimate meets two criteria: (1) it requires assumptions about highly uncertain matters and (2) there would be a material effect on the Consolidated Financial Statements from either using a different, although reasonable, amount within the range of the estimate in the current period or from reasonably likely period-to-period changes in the estimate.

Our critical accounting policies and estimates are consistent with those disclosed in Note 1, "Summary of Significant Accounting Policies," to the audited Consolidated Financial Statements, included in Part II, Item 8 of the Fiscal 2023 10-K.

Safe Harbor Statement

This report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, the industry in which we operate and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. For example, when we use words such as "projects," "expects," "anticipates," "intends," "plans," "believes," "estimates," "should," "would," "could," "will," "opportunity," "potential" or "may," variations of such words or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). Such statements may include, but are not limited to, future impacts of current macroeconomic conditions, proposed store openings and closings, proposed capital expenditures, ongoing strategic initiatives and the intended results of those initiatives, future performance or results, the effect of the adoption of recent accounting pronouncements on our consolidated financial position, results of operations and cash flows, and the outcome of contingencies such as legal proceedings. Our forward-looking statements are subject to risks and uncertainties. Actual events or results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors that could cause actual events or results to differ materially from those we expected include: general economic conditions, such as inflation, and the domestic and international political situation and the related impact on consumer confidence and spending; competitive factors, including the scale and potential consolidation of some of our competitors, rise of e-commerce spending, pricing and promotional activities of major competitors, and an increase in competition within the markets in which we compete; seasonal fluctuations in our net sales, operating income and inventory levels; the reduction in traffic to, or the closing of, the other destination retailers in the shopping areas where our stores are located; our ability to identify changing consumer preferences and demand; our ability to meet our environmental, social or governance ("ESG") goals or otherwise expectations of our stakeholders with respect to ESG matters; extreme and/or unseasonable weather conditions caused by climate change or otherwise adversely impacting demand; effects of public health crises, epidemics or pandemics; our ability to sustain our growth plans or successfully implement our long-range strategic plans; our ability to execute our opportunistic buying and inventory management process; our ability to optimize our existing stores or maintain favorable lease terms; the availability, selection and purchasing of attractive brand name merchandise on favorable terms; our ability to attract, train and retain quality employees and temporary personnel in sufficient numbers; labor costs and our ability to manage a large workforce; the solvency of parties with whom we do business and their willingness to perform their obligations to us; import risks, including tax and trade policies, tariffs and government regulations; disruption in our distribution network; our ability to protect our information systems against service interruption, misappropriation of data, breaches of security, or other cyber-related attacks; risks related to the methods of payment we accept; the success of our advertising and marketing programs in generating sufficient levels of customer traffic and awareness; damage to our corporate reputation or brand; impact of potential loss of executives or other key personnel; our ability to comply with existing and changing laws, rules, regulations and local codes; lack of or insufficient insurance coverage; issues with merchandise safety and shrinkage; our ability to comply with increasingly rigorous privacy and data security regulations; impact of legal and regulatory proceedings relating to us; use of social media by us or by third parties our direction in violation of applicable laws and regulations; our ability to generate sufficient cash to fund our operations and service our debt obligations; our ability to comply with covenants in our debt agreements; the consequences of the possible conversion of our convertible notes; our reliance on dividends, distributions and other payments, advance and transfers of funds from our subsidiaries to meet our obligations; the volatility of our stock price; the impact of the anti-takeover provisions in our governing documents; impact of potential shareholder activism and other risks discussed from time to time in our filings with the Securities and Exchange Commission (SEC), including those under the heading "Risk Factors" in the Fiscal 2023 10-K.

Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. The cautionary statements referred to in this section also should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Recent Accounting Pronouncements

Refer to Note 1, "Summary of Significant Accounting Policies," to our Condensed Consolidated Financial Statements in Part I, Item 1 for a discussion of recent accounting pronouncements and their impact on our Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to our quantitative and qualitative disclosures about market risk from those included in the Fiscal 2023 10-K.

Item 4. Controls and Procedures.

Our management team, under the supervision and with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act, as of the last day of the fiscal period covered by this report, May 4, 2024. The term disclosure controls and procedures means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of May 4, 2024.

During the quarter ended May 4, 2024, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In the course of business, the Company is party to class or collective actions alleging violations of federal and state wage and hour and other labor statutes, representative claims under the California Private Attorneys' General Act and various other lawsuits and regulatory proceedings from time to time including, among others, commercial, product, employee, customer, intellectual property and other claims. Actions against us are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties. Refer to Note 11, "Commitments and Contingencies," to our Condensed Consolidated Financial Statements for further detail.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A of our Fiscal 2023 10-K.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information regarding our purchases of common stock during the three fiscal months ended May 4, 2024:

Month	Total Number of Shares Purchased	Average Price Paid Per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands)
February 4, 2024 through March 2, 2024	49,326	\$ 197.61	49,326	\$ 495,337
March 3, 2024 through April 6, 2024	134,554	\$ 217.35	134,554	\$ 466,092
April 7, 2024 through May 4, 2024	128,358	\$ 190.15	128,358	\$ 441,684
Total	312,238		312,238	

- (1) Includes commissions for the shares repurchased under our publicly announced share repurchase programs.
- (2) On February 16, 2022, our Board of Directors authorized the repurchase of up to \$500 million of common stock, which expired in February 2024. On August 15, 2023, our Board of Directors authorized the repurchase of up to an additional \$500 million of common stock, which is authorized to be executed through August 2025. For a further discussion of our share repurchase programs, see "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Share Repurchase Program."

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On March 27, 2024, Jennifer Vecchio, the Company's Group President and Chief Merchandising Officer, adopted a written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) for the sale of up to

5,923 shares of the Company's common stock, subject to certain conditions. The plan's expiration date is June 30, 2025.

During the three-month period ended May 4, 2024, other than the trading arrangement noted above, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference	
		Form	Filing Date
3.1†	Amended and Restated Certificate of Incorporation of Burlington Stores, Inc.		
31.1†	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		
31.2†	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted 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, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		
32.2†	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		
101.INS †	Inline XBRL Instance Document – the instance document does not appear in Interactive Data File, because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH †	Inline XBRL Taxonomy Extension Schema Document		
101.CAL †	Inline XBRL Taxonomy Extension Calculation Linkbase Document		
101.DEF †	Inline XBRL Taxonomy Extension Definition Linkbase Document		
101.LAB †	Inline XBRL Taxonomy Extension Label Linkbase Document		
101.PRE †	Inline XBRL Taxonomy Extension Presentation Linkbase Document		
104†	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)		

† Filed or furnished herewith.

SIGNATURES

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

BURLINGTON STORES, INC.

/s/ Michael O'Sullivan

Michael O'Sullivan
Chief Executive Officer
(Principal Executive Officer)

/s/ Kristin Wolfe

Kristin Wolfe
Chief Financial Officer
(Principal Financial Officer)

Date: May 30, 2024

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

BURLINGTON STORES, INC.,

a Delaware corporation

The name of the corporation is Burlington Stores, Inc. (the "Corporation"). The date of filing of the Corporation's original Certificate of Incorporation was February 13, 2013 under the original name Burlington Holdings, Inc. This Amended and Restated Certificate of Incorporation of the Corporation, which restates and integrates and also further amends the provisions of the Corporation's Amended and Restated Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended, integrated and restated to read in its entirety as follows:

ARTICLE ONE

The name of this corporation is Burlington Stores, Inc. (the "Corporation").

ARTICLE TWO

The registered office of this Corporation in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The purpose of this Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the Delaware General Corporation Law).

ARTICLE FOUR

Section 1. **Authorized Shares.** The total number of shares of all classes of capital stock that the Corporation has authority to issue is 550,000,000 shares, consisting of:

- (a) 50,000,000 shares of Preferred Stock, par value \$0.0001 per share (the Preferred Stock); and
- (b) 500,000,000 shares of Common Stock, par value \$0.0001 per share (the Common Stock).

The Preferred Stock and the Common Stock shall have the rights, preferences and limitations set forth below.

Section 2. **Preferred Stock.** Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized, to provide by resolution or resolutions from time to time for the issuance, out of the authorized but unissued shares of Preferred Stock, of all or any of the shares of Preferred Stock in one or more series, and to establish the number of shares to be included in each such series, and to fix the voting powers (full, limited or no voting powers), designations, powers, preferences, and relative, participating, optional or other rights, if any, and any qualifications, limitations or restrictions thereof, or such series, including, without limitation, that any such series may be (i) subject to redemption at such time or times and at such price or prices, (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or series of capital stock, (iii) entitled to such rights upon the liquidation, dissolution or winding up of, or upon any distribution of the assets of, the Corporation or (iv) convertible into, or exchangeable for, shares of any other class or classes of capital stock, or of any other series of the same class of capital stock, of the Corporation at such price or prices or at such rates and with such adjustments; all as may be stated in such resolution or resolutions, which resolution or resolutions shall be set forth on a certificate of designations filed with the Secretary of State of the State of Delaware in accordance with the Delaware General Corporation Law. Except as otherwise provided in this Amended and

Restated Certificate of Incorporation (the "Certificate of Incorporation"), no vote of the holders of Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of this Certificate of Incorporation. Notwithstanding the provisions of Section 242(b)(2) of the Delaware General Corporation Law, the number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote, without the separate vote of the holders of the Preferred Stock as a class. Subject to Section 1 of this ARTICLE FOUR, the Board of Directors is also expressly authorized to increase or decrease the number of shares of any series of Preferred Stock subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. Unless otherwise expressly provided in the certificate of designations in respect of any series of Preferred Stock, in case the number of shares of such series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Section 3. Common Stock.

(a) *Voting Rights.* Except as otherwise provided by the Delaware General Corporation Law or this Certificate of Incorporation and subject to the rights of holders of Preferred Stock, all of the voting power of the stockholders of the Corporation shall be vested in the holders of the Common Stock, and each holder of Common Stock shall have one vote for each share held by such holder on all matters voted upon by the stockholders of the Corporation. Notwithstanding any other provision of this Certificate of Incorporation to the contrary, the holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designation in respect of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separate or together as a class with the holders of one or more such other series, to vote thereon pursuant to this Certificate of Incorporation or the Delaware General Corporation Law.

(b) *Dividends.* Subject to the rights of the holders of any series of Preferred Stock, and to the other provisions of this Certificate of Incorporation, holders of Common Stock shall be entitled to receive equally, on a per share basis, such dividends and other distributions in cash, securities or other property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(c) *Liquidation Rights.* In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the Corporation's debts and subject to the rights of the holders of shares of any series of Preferred Stock upon such dissolution, liquidation or winding up, the remaining net assets of the Corporation shall be distributed among holders of shares of Common Stock equally on a per share basis. A merger or consolidation of the Corporation with or into any other corporation or entity, or a sale, lease, exchange, conveyance or other disposition of all or any part of the assets of the Corporation shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Section 3(c).

(d) *Conversion Rights.* The Common Stock shall not be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same class of the Corporation's capital stock.

Section 4. *Reclassification of Class A Common Stock.* Upon this Certificate of Incorporation becoming effective in accordance with the Delaware General Corporation Law (the "Effective Time"): each share of Class A Common Stock, par value \$0.001 per share ("Old Class A Common"), issued and outstanding immediately prior to the Effective Time shall be reclassified as 1 validly issued, fully paid and nonassessable share of Common Stock (such reclassification of Old Class A Common into Common Stock, the "Reclassification"). Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Class A Common, shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the number of shares of Common Stock into which the shares represented by such certificate shall have been reclassified as of the Effective Time after giving effect to the Reclassification; provided, that each person holding of record a stock certificate or certificates that represented shares of Old Class A Common shall be entitled to receive, upon surrender of such certificate, a new certificate or certificates evidencing and representing the number of shares of Common

Stock into which such shares of Old Class A Common shall have been reclassified in accordance with the Reclassification.

ARTICLE FIVE

The Corporation shall have perpetual existence.

ARTICLE SIX

Section 1. Board of Directors, Number. Unless otherwise provided by this Certificate of Incorporation or the Delaware General Corporation Law, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Subject to any rights of the holders of Preferred Stock to elect additional directors under specified circumstances, the number of directors which shall constitute the Board of Directors shall be fixed from time to time by resolution adopted by the Board of Directors.

Section 2. Election of Directors. Effective as of the annual meeting of stockholders of the Corporation to be held in 2025, the successors of the directors whose terms expire at such meeting shall be elected for a term expiring at the annual meeting of stockholders of the Corporation to be held in 2026; at the annual meeting of stockholders of the Corporation to be held in 2026, the successors of the directors whose terms expire at such meeting shall be elected for a term expiring at the annual meeting of stockholders of the Corporation to be held in 2027; and at each annual meeting of stockholders of the Corporation held in 2027 and thereafter, the directors shall be elected for terms expiring at the next succeeding annual meeting of stockholders of the Corporation, with each director to hold office until his or her successor shall have been duly elected and qualified, or until such director's earlier death, resignation, removal or retirement. Commencing with the annual meeting of stockholders of the Corporation to be held in 2027 (the "Declassification Date"), the Board of Directors will no longer be classified under Section 141(d) of the General Corporation Law of the State of Delaware and directors shall no longer be divided into classes. Elections of directors need not be by written ballot unless the bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "Bylaws") shall so provide. Until the Declassification Date, the Board of Directors is authorized to assign members of the Board of Directors already in office to their respective classes.

Section 3. Newly-Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock, any newly created directorships resulting from any increase in the number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or any other cause shall be filled exclusively by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by the sole remaining director, and shall not be filled by stockholders. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until his or her successor is duly elected and qualified, or his or her earlier death, resignation, removal or retirement.

Section 4. Removal of Directors. Until the Declassification Date, any director may be removed from office at any time but only with cause, at a meeting called for that purpose, by the affirmative vote of the holders of at least 75% of the voting power of all outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class. Following the Declassification Date, any director may be removed from office at any time with or without cause, at a meeting called for that purpose, by the affirmative vote of the holders of a majority of the voting power of all outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Rights of Holders of Preferred Stock. Notwithstanding the provisions of this ARTICLE SIX, whenever the holders of one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately or together by series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorship shall be governed by the rights of such Preferred Stock as set forth in the certificate of designations or certificates of designations governing such series.

Section 6. No Cumulative Voting. Except as may otherwise be set forth in the resolution or resolutions of the Board of Directors providing the issue of one or more series of Preferred Stock, and then only with respect to such series of Preferred Stock, cumulative voting in the election of directors is specifically denied.

ARTICLE SEVEN

Section 1. Limitation of Liability.

(a) To the fullest extent permitted by the Delaware General Corporation Law as it now exists or may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring at or prior to the time of such repeal or modification.

ARTICLE EIGHT

Section 1. No Action by Written Consent. From and after the first date (the "Trigger Date") on which investment funds affiliated with Bain Capital Partners, LLC and their respective successors and Affiliates (collectively, the "Bain Capital Entities") cease collectively to beneficially own (directly or indirectly) more than fifty percent (50%) of the outstanding shares of Common Stock, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. "Affiliate" means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person; the term "control," as used in this definition, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and "controlled" and "controlling" have meanings correlative to the foregoing. "Person" means an individual, any general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity. For the purpose of this Certificate of Incorporation, "beneficial ownership" shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

Section 2. Annual Meetings of Stockholders. Except as otherwise expressly provided by law, the annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such date, time and place, if any, as shall be determined exclusively by resolution of the Board of Directors in its sole and absolute discretion. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders at any meeting of stockholders shall be given in the manner provided in the Bylaws.

Section 3. Special Meetings of Stockholders. Subject to any special rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation shall be called exclusively (i) by or at the direction of the Board of Directors pursuant to a written resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies or (ii) prior to the Trigger Date, by the Secretary of the Corporation at the request of the holders of fifty percent (50%) or more of the outstanding shares of Common Stock, and shall not be called by stockholders. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

ARTICLE NINE

Section 1. Certificate of Incorporation. The Corporation reserves the right at any time from time to time to alter, amend, repeal or change any provision contained in this Certificate of Incorporation, and to adopt any other provision authorized by the Delaware General Corporation Law, in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to

this reservation. Notwithstanding anything to the contrary contained in this Certificate of Incorporation or the Bylaws, and notwithstanding that a lesser percentage or vote may be permitted from time to time by applicable law, no provision of ARTICLE SIX, ARTICLE SEVEN, ARTICLE EIGHT, this ARTICLE NINE, ARTICLE TEN, ARTICLE ELEVEN and ARTICLE TWELVE may be altered, amended or repealed in any respect, nor may any provision of this Certificate of Incorporation or of the Bylaws inconsistent therewith be adopted, unless in addition to any other vote required by this Certificate of Incorporation or otherwise required by law, (i) prior to the Trigger Date, such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class and (ii) from and after the Trigger Date, such alteration, amendment, repeal or adoption is approved at a meeting of the stockholders called for that purpose by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 2. Bylaws. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, alter, amend or repeal the Bylaws. Any adoption, alteration, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the Board of Directors then in office, provided a quorum is otherwise present. In addition to any other vote otherwise required by law or this Certificate of Incorporation, from and after the Trigger Date, with respect to the adoption, alteration, amendment or repeal of the Bylaws by the stockholders, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote with respect thereto, voting together as a single class, shall be required to adopt, alter, amend or repeal the bylaws of the Corporation.

ARTICLE TEN

The Corporation expressly elects not to be governed by Section 203 of the Delaware General Corporation Law.

ARTICLE ELEVEN

Section 1. Scope. The provisions of this ARTICLE ELEVEN are set forth to define, to the extent permitted by applicable law, the duties of Exempted Persons (as defined below) to the Corporation with respect to certain classes or categories of business opportunities. "Exempted Persons" means the Bain Capital Entities and their respective Affiliates (other than the Corporation and its subsidiaries) and all of their respective partners, principals, directors, officers, members, managers and employees, including any of the foregoing who serve as officers or directors of the Corporation.

Section 2. Competition and Allocation of Corporate Opportunities. To the fullest extent permitted by law, the Exempted Persons shall not have any fiduciary duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Exempted Persons, even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Exempted Person shall have no duty to communicate or offer such business opportunity to the Corporation and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Exempted Person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries.

Section 3. Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this ARTICLE ELEVEN, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially or legally able or contractually permitted to undertake, or that is, from its nature, not in the line of the Corporation's business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

Section 4. Amendment of this Article. To the fullest extent permitted by law, no amendment or repeal of this ARTICLE ELEVEN in accordance with the provisions of Section 1 of ARTICLE ELEVEN shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities of which such Exempted Person becomes aware prior to such amendment or repeal. This ARTICLE ELEVEN shall not limit or eliminate any protections or defenses otherwise available to, or any rights to indemnification or advancement of expenses of, any director or officer of the Corporation under this Certificate of Incorporation, the Corporation's bylaws, any agreement between the Corporation and such officer or director, or any applicable law.

Section 5. Deemed Notice. Any person or entity purchasing, holding or otherwise acquiring any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this ARTICLE ELEVEN.

ARTICLE TWELVE

Unless this Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the Delaware General Corporation Law or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation (including, without limitation, shares of Common Stock) shall be deemed to have notice of and to have consented to the provisions of this ARTICLE TWELVE.

ARTICLE THIRTEEN

Section 1. Limitation of Liability for Officers.

(a) To the fullest extent permitted by the Delaware General Corporation Law as it now exists or may hereafter be amended, no officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of an officer of the Corporation existing hereunder with respect to any act or omission occurring at or prior to the time of such repeal or modification.

(c) For purposes of this Article THIRTEEN, "officer" shall have the meaning provided in Section 102(b)(7) of the Delaware General Corporation Law as the same exists or may hereafter be amended.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on this 22nd day of May, 2024.

By:	<u>/s/ Karen Leu</u>
Name:	Karen Leu
Title:	Group Senior Vice President, General Counsel and Corporate Secretary

I, Michael O'Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burlington Stores, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the 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
 - d. 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 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.

Date: May 30, 2024

/s/ Michael O'Sullivan
Michael O'Sullivan
Chief Executive Officer
(Principal Executive Officer)

I, Kristin Wolfe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burlington Stores, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the 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
 - d. 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 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.

Date: May 30, 2024

/s/ Kristin Wolfe
Kristin Wolfe
Chief Financial Officer
(Principal Financial Officer)

**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 Burlington Stores, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended May 4, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael O'Sullivan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial position and results of operations of the Company.

Date: May 30, 2024

/s/ Michael O'Sullivan
Michael O'Sullivan
Chief Executive Officer
(Principal Executive Officer)

**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 Burlington Stores, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended May 4, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kristin Wolfe, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial position and results of operations of the Company.

Date: May 30, 2024

/s/ Kristin Wolfe
Kristin Wolfe
Chief Financial Officer
(Principal Financial Officer)
