

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 28 , 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 001-04321

Savers Value Village, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

83-4165683

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

**11400 S.E. 6th Street
Suite 125 , Bellevue , WA**

(Address of Principal Executive Offices)

98004

(Zip Code)

425 - 462-1515

Registrant's telephone number, including area code

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

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

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (§232.405 of this chapter) 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 29, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of common equity held by non-affiliates of the registrant was \$ 329.9 million, computed using the closing price on that day of \$12.24.

The registrant had outstanding 158,707,876 shares of common stock as of February 10, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on June 4, 2025, are incorporated by reference into Part III of this Form 10-K.

Table of Contents

	Page
Special Note Regarding Forward-Looking Statements	3
PART I	
Item 1. Business	5
Item 1A. Risk Factors	14
Item 1B. Unresolved Staff Comments	40
Item 1C. Cybersecurity Risk Management, Strategy and Governance	40
Item 2. Properties	42
Item 3. Legal Proceedings	43
Item 4. Mine Safety Disclosures	43
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	44
Item 6. [Reserved]	44
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	45
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	62
Item 8. Financial Statements and Supplementary Data	64
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures	98
Item 9A. Controls and Procedures	98
Item 9B. Other Information	102
Item 9C. Disclosure Regarding Foreign Jurisdiction That Prevent Inspections	102
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	103
Item 11. Executive Compensation	103
Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters	103
Item 13. Certain Relationships and Related Transactions, and Director Independence	103
Item 14. Principal Accounting Fees and Services	103
PART IV	
Item 15. Exhibits, Financial Statement Schedules	104
Item 16. Form 10-K Summary	106
Signatures	107

Special Note Regarding Forward-Looking Statements

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

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

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

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

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

Part I

Item 1. Business

Company Overview

Savers Value Village, Inc. (the “Company”, “we”, “us”, or “our”) is the largest for-profit thrift operator in the United States (“U.S.”) and Canada based on number of stores. With approximately 22,700 team members, we operate a total of 351 stores under the Savers®, Value Village®, Value Village Boutique™, Village des Valeurs™, Unique® and 2nd Ave.® banners. As of December 28, 2024, we had 172 stores in the U.S., 165 stores in Canada and 14 stores in Australia.

Our mission

Our mission is to champion reuse and inspire a future where secondhand is second nature.

From the thrill of the hunt to the joy of decluttering, we help communities harness the power of pre-loved stuff to keep reusable items around for years to come.

Who we are

We are committed to redefining secondhand shopping by providing one-of-a-kind, low-priced merchandise ranging from quality clothing to home goods in an exciting treasure-hunt shopping environment. We purchase secondhand textiles (e.g., clothing, bedding and bath items), shoes, accessories, housewares, books and other goods from our non-profit partners (“NPPs”). We then process, select, price, merchandise and sell these items in our stores. Items that are unsuited for or unsold at retail stores are marketed to wholesale customers who reuse or repurpose the items they purchase from us. We believe our hyper-local and socially responsible procurement model, industry-leading and innovative operations, differentiated value proposition and deep relationships with our customers distinguish us from other secondhand and value-based retailers.

We offer a dynamic, ever-changing selection of items, with an average unit retail price (“AUR”) of approximately \$5. We have a highly engaged customer base, with over 5.9 million active loyalty program members in the U.S. and Canada who shopped with us during fiscal year 2024, driving 72.4% of retail sales for the year. Our business model is rooted in sustainability and contributing to the communities we serve, with a mission to positively impact our stakeholders—thrifters, NPPs and their donors, our team members and our stockholders. As a leader and pioneer of the for-profit thrift category, we seek to positively impact the environment by reducing waste and extending the life of reusable goods. The vast majority of the clothing and textiles we source is sold to our retail or wholesale customers.

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

Supply and Processing

Supply

Our strategy is to locally source our merchandise by purchasing secondhand items donated to our NPPs, which provides them with revenue to support their community-focused missions. This also aids in creating a broad and diverse selection for our customers, fosters a sense of community, and reduces transportation costs and emissions typically associated with the production and distribution of new merchandise. While purchases made by our customers in our stores do not directly benefit any NPP, we pay a market-competitive contractual rate to purchase donated items.

We source our merchandise primarily through three distinct and strategic procurement models: (i) on-site donations (“OSDs”), (ii) GreenDrop locations and (iii) delivered supply. Increasing the proportion of OSDs and GreenDrop as a percentage of total supply is desirable as donations from these sources are usually of higher quality and collectively have a lower cost than product sourced through other channels. OSDs and GreenDrop are collectively the largest part of our supply mix and accounted for 76.3% and 73.6% of total pounds processed for fiscal years 2024 and 2023, respectively.

- **OSDs:** Donations of items by individuals to our NPPs, made at Community Donation Centers (“CDCs”) located at our stores. We operate as a registered professional fundraiser where required, accepting donations on behalf of our NPPs. Each store is specifically designated as an OSD location for a particular NPP, such that all donations received at the CDC are credited to that NPP.

- **GreenDrop locations:** Attended donation stations that collect donations of items made by individuals to our NPPs at convenient and well-signed brick and mortar and trailer locations in neighborhoods surrounding a store. On behalf of our NPPs, we solicit, collect, and deliver items from our GreenDrop locations to our stores and Centralized Processing Centers (“CPCs”).

- **Delivered supply:** Delivered supply comprises donations delivered either to our CPCs or our stores, or both. These donations can be collected by our NPPs through a variety of methods such as neighborhood collections or donation drives, or we may solicit, collect and deliver the items on behalf of our NPPs.

- **Donation drives:** Donation drives operate within our FUNDrive® program and include smaller, local non-profits such as schools, sports teams, community groups and other charitable organizations. These drives are one-time and event-based, with contractual agreements based on each distinct donation drive itself.

- **Third-party credential:** Third-party credential goods are purchased in small amounts on an as-needed basis from regional for-profit collectors, generally consisting of bin operators and other for-profit resellers.

We leverage an analytical platform to measure the sales yield and product margin of each stream of supply in our stores. In general, this tool is either used to periodically confirm the performance of an existing stream of supply or to evaluate the performance of a new source of supply.

Our business model is predicated on sourcing and selling quality secondhand items to our customers in local communities. We are able to meet our customer demand given our deep relationships with an extensive network of NPPs that is unmatched in the thrift industry.

Processing

The majority of our retail stores have a dedicated space that handles the processing of soft and hard goods that provide the inventory to be sold on our retail sales floors. In fiscal year 2024, we processed 1.0 billion pounds of secondhand goods. We are actively implementing our offsite processing strategy which allows us to process goods at larger-scale facilities and distribute goods to multiple stores in a local market. The processing of donations under this strategy can occur at offsite warehouse facilities, stores with surplus processing capacity or at CPCs. The CPC system is an offsite, semi-automated processing facility that mechanizes the flow of clothing, accessories and shoes through an integrated series of conveyor belts, robotics, sensors, and other technology. We have prioritized offsite processing capacity toward new store growth that would not be feasible without offsite processing. In addition, we continue to deploy Automated Book Processing (“ABP”) systems at our offsite processing facilities and in stores. The ABP system is an integrated set of technologies that efficiently identify, price and sort books based on their critical attributes (e.g., genre, author, market price). The system design consists of high-speed conveyors, optic recognition, robot tagging and an automated book distribution system, all working in concert to increase throughput eightfold over our traditional, manual process.

These offsite processing capabilities widen our competitive and operational advantage, and we plan to continue expanding the use of such technologies across new and existing markets. As of December 28, 2024, 5 CPCs and 18 ABP systems are in full operation.

Processing has five sequential and interdependent steps: (1) receiving, (2) sorting, (3) grading and pricing, (4) merchandising and (5) wholesale. Given the high volumes processed in our stores, effective process management is critical to ensuring each step is done properly and in coordination with the other steps. The typical processing room has approximately 30 team members, each of whom is trained in a specific area and many of whom are cross-trained to support adjacent roles.

Retail

Our store experience directly reflects our mission to make secondhand second nature. We deliver a well merchandised environment that maximizes customer engagement and supports a core tenet for any thrifter—the treasure hunt. The average store has approximately 20,100 square feet of retail space and offers a wide selection of quality items across clothing, home goods, books and other items at convenient locations. In fiscal year 2024, nearly 34,000 items were merchandised per store every week. Our sales floor inventory is also regularly rotated and refreshed, with inventory turns of more than 15 times a year, providing our customers with an extensive, ever-changing selection at tremendous value.

Further, we have a continuous feedback loop to which we conduct surveys to take the pulse of our customers on a weekly basis regarding the shopping experience and environment. This information is proactively shared with our leadership team and cascaded to store managers, who are measured on their ability to improve operations.

As of December 28, 2024, we had 172 stores in the U.S., 165 stores in Canada and 14 stores in Australia. We operate under six distinct store banners: Savers, Value Village, Value Village Boutique, Village des Valeurs, Unique and 2nd Ave.

Wholesale, Reuse and Repurpose

In support of our efforts to extend the life of reusable goods and recover a portion of the cost of acquiring our supply of secondhand items, we sell the majority of textile items that are unsuited for or unsold at retail stores to our wholesale customers who reuse and repurpose the items we sell to them across 4 continents and 12 countries. Textiles not suitable for reuse as secondhand clothing can be repurposed into other textile items (e.g., wiping rags) and post-consumer fibers (e.g., insulation, carpet padding), further reducing waste. We typically see fluctuation in the number of countries we sell into because we continually seek to maximize revenue and mitigate the inherent risks of operating in wholesale markets, including fluidity in the end-user markets and shipping challenges.

We have long-standing relationships with our wholesale customers and work directly with textile processors that have multiple reuse and repurposing streams. Other categories, such as hard goods, move directly to small businesses and shop owners in markets across the globe for resale in various retail forms.

Logistics and Distribution

The vast majority of our supply is processed as it is generated. We store very little of our collected inventory, and any excess supply that is stored is only done so for short durations on rented trailers onsite at store locations or in a variety of local trailer yards. Our supply is nearly all locally sourced and locally consumed within a few weeks after it is initially collected.

We also operate a number of warehouse locations in various markets which serve as supply and demand buffers when needed and help to modulate supply flow to the stores. Only a very small portion of supply is transferred across markets or regions.

How We Plan to Grow

Strategically grow our store base

Our goal is to strengthen our position as the leading for-profit thrift operator by expanding our store footprint. We plan to open 25 to 30 new stores in 2025, and expect to open a similar number of stores in future years.

- ***In-fill opportunities:*** We will continue to identify attractive locations in our existing markets by leveraging our brand awareness and operational capabilities, and where we have the advantage of both attractive supply and demand. These in-fill opportunities will include both traditional and stores with an alternative format. Our alternative store format is designed to capitalize on high real estate availability in in-fill markets through smaller formats.

- ***Adjacent store opportunities:*** We also will pursue opportunities to expand our regional footprint in adjacent areas where we can leverage our operational capabilities and regional market knowledge.

- **Greenfield market opportunities:** We are currently underpenetrated in multiple important regional markets, including the South and West regions of the U.S.

Driven by our disciplined real estate selection approach, we expect to deliver attractive return on investment and store-level profitability.

Drive comparable store sales growth

Our goal is to drive comparable store sales growth by continuing to hone and refine our superior value proposition and differentiated in-store shopping experience, and by continuing to offer a compelling selection of quality secondhand items. Benefiting from secular tailwinds, we expect to drive comparable store sales growth with the following strategies:

- **Quality product offerings:** We offer a dynamic, ever-changing selection of items, with an AUR of approximately \$5. We will continue to procure an ample supply of quality secondhand items to delight our customers. Our compelling selection of offerings enables us to drive both frequency with existing customers and the acquisition of new customers.
- **Improving shopping experience:** We will continue to invest in the in-store shopping experience to facilitate the treasure hunt dynamics for our customers. We have invested in renovations to modernize our stores; new technologies to optimize store operations; and alternative store formats supported by our offsite processing strategy.
- **Expanding engagement with our loyalty program members :** We are investing in email and text messaging as a cost-effective means of reaching our existing customers and we continue to focus on collecting valid emails for our loyalty program members. Our personalized email communication and targeted offers are designed to increase engagement and drive purchase frequency among our growing loyalty program member base.
- **Conducting brand marketing:** We will continue to utilize our brand marketing spend to improve brand awareness, bolstered by the broader adoption of thrift shopping overall to drive new customer acquisition.

Continue to implement strategic initiatives to drive efficiency and expand margin, and to unlock new store potential

We have multiple levers within our control that have been critical in driving our profitability. For instance, over time, our data analysis has improved our sales yield (defined as retail sales generated per pound processed on a currency neutral and comparable store basis), which has grown at a 6.2% compound annual growth rate ("CAGR") from fiscal year 2019 to fiscal year 2024. Our strategy of increasing the penetration of OSDs as a percentage of total supply has had a significant impact on the quality of our supply, benefiting sales yield and ultimately our gross product margin. In addition, a company-wide self-checkout initiative was completed in the second quarter of 2023 achieving an annual average contribution of \$91,000 per store in 2023. Also, as of December 28, 2024, 5 CPCs and 18 ABP systems are in full operation. Consistent with initial projections, each ABP system is projected to deliver \$250,000 per year in incremental contribution.

We continue to expand offsite processing capacity and have re-allocated and prioritized CPC and warehouse processing capacity to support new store growth; the majority of new stores opened in 2024 and planned for 2025 will be serviced by an offsite processing facility and would not have been feasible without offsite processing. In more densely populated areas, offsite processing enables in-fill opportunities in alternative store formats without the need for a full-scale processing facility in the store. Our culture of innovation and data orientation has been critical to driving operational efficiencies, and we will continue to lead in terms of innovating the thrift business model.

Selectively pursue other growth opportunities

In addition to our organic growth initiatives, we will also take an opportunistic yet disciplined approach toward potential inorganic growth opportunities. Given the fragmented nature of the thrift category, we believe there are significant opportunities for growth. This can be conducted through the acquisition of well-operated regional players where we believe we can build upon our infrastructure and scale to accelerate the growth of a potential target and generate synergies. Our acquisition criteria include a significant regional presence, access to a robust flow of quality supply, strong brand awareness, and a complementary cultural fit for our company. For example, in November 2021, we completed the acquisition of 2nd Ave., which added 12 stores in the Northeastern and Mid-Atlantic regions of the U.S. and the GreenDrop system. We continue to expand GreenDrop to locations in other markets. Further, in fiscal year 2024, we completed the acquisition of 2 Peaches Group, LLC and its seven stores, which are the Company's first locations in the state of Georgia and will serve as a base for the Company's entrance and expansion into the southeast region of the U.S.

Market Demand and Competition

We operate within the large, fragmented and fast-growing secondhand market, which is a subset of the broader retail market. Our data shows that secondhand shopping continues to grow in popularity across age groups and demographics, with nearly 90% of North American consumers engaging with a thrift store through shopping, donating or both. We experience competition in these markets with respect to our retail offerings and our product supply.

Retail competition

We compete for customer spend with value retailers, including off-price retailers and other thrift operators. The non-profit thrift sector is largely decentralized, with local chapters managing stores in their respective markets. The for-profit thrift sector is typically characterized by smaller chains of 10 to less than 40 retail locations each.

Supply competition

The retail thrift industry is made possible by the availability of quality secondhand items. As the secondhand movement continues to thrive and grow, we face increasing competition for secondhand goods from other thrift stores, consignment retailers, on-line thrift retailers and on-line marketplaces.

Competitive Strengths

We believe the following strengths differentiate us from our competitors and serve as the foundation for our current and future growth.

A leader in the industry with a powerful business model

We are the largest for-profit thrift operator in the U.S. and Canada based on number of stores. With 351 retail stores under the Savers, Value Village, Value Village Boutique, Village des Valeurs, Unique and 2nd Ave. banners, we are nearly 10 times larger than the next largest for-profit thrift operator. We believe our significant scale advantage allows us to deliver compelling value and a superior shopping experience to customers, while generating strong cash flow that can be reinvested in our business.

We have innovated and integrated the three highly complex parts of thrift operations—supply and processing, retail, and sales to wholesale markets—through significant operational expertise and investments. This has created a compelling business model which is differentiated against online competition and traditional retail, based on our treasure-hunt experience and low AUR. Such advantages of our business model provide compelling value to customers, drive attractive profitability for the business, and underpin comparable store sales growth. As interest in the secondhand market continues to grow, we will have the opportunity to elevate and define the thrift experience for decades to come.

Unmatched value proposition driving exceptional customer engagement

We offer quality items at one of the deepest values across all of our product categories and an exciting, engaging treasure hunt experience in a contemporary in-store atmosphere, which underpins strong customer loyalty. Our most engaged customers are members of our Super Savers Club® loyalty program. As of December 28, 2024, we have 5.9 million active members enrolled in our U.S. and Canadian loyalty programs who have made a purchase within the last 12 months, compared to 5.3 million active loyalty members as of December 30, 2023. Active members drove 72.4% of retail sales during fiscal year 2024, compared to 70.3% during fiscal year 2023.

Our members earn points or store credit, which further enhances the value shopping experience. Members in both the U.S. and Canada receive exclusive coupons and offers via email, as well as a special birthday coupon. The majority of our customers join our loyalty programs during the checkout process in our stores. We also offer in-store self-service sign-ups at our self-checkout kiosks, which makes the process more efficient by eliminating the need for sign-up assistance from a team member. Customers in the U.S. and Canada also have the option to sign up online or via text message.

We have a particularly active presence on social media platforms, including Facebook, Instagram and Pinterest, enabling connections with our customers, and we also partner with a number of social media influencers who generate further awareness of our brands through sponsored content. At the core of our "Thrift Proud" movement, our customers and followers on social media serve as influential peer-to-peer brand ambassadors and are tagging our brand and banners in thousands of photos and videos weekly. We enjoy highly engaged communities on social media who are inspired by thrift hauls, shopping cart photos, do-it-yourself and upcycling, and creating "new from used".

Supply model with proven capacity to drive growth

Quality and volume of supply play a critical role in driving traffic, customer frequency and engagement. We have developed a proven strategy to continuously improve our supply model. In order to maximize supply quality, we periodically assess sales yield, which we define as retail sales generated per pound processed on a currency neutral and comparable store basis, from each supply source to make informed decisions on supplier selection. This approach ultimately improves both our revenue and profitability. We have been strategically focused on increasing our OSDs, particularly in increasing convenience and proximity to potential donors. OSDs not only drive profitability but also enhance the consistency and reliability of supply to each of our stores. We expect our focus on increasing OSDs will contribute to further improvement and growth in our supply.

Culture of innovation and operational excellence

Our culture of innovation underpins our key decisions and the way we run our business. We continue to be an industry leader with innovation to improve the customer experience, while enhancing operational efficiency. We have continuously improved our thrift operations across sourcing, processing and retailing. We have launched major initiatives, such as self-checkout and the implementation of CPC and ABP technologies, that will further reinforce our competitive advantage and have a measurable impact on our financial profile.

Attractive financial profile with proven track record of consistent growth

Our total net sales have grown at a 5.0% CAGR over the last five years. We have also delivered gross product margin expansion over the same period, from 50.7% for fiscal year 2019 to 56.4% for fiscal year 2024. We define gross product margin as net sales minus cost of merchandise sold, exclusive of depreciation and amortization, divided by net sales. We have utilized multiple levers that are unique to our business model to drive margin improvements, especially the growth of OSDs as part of our supply mix and sales yield improvement. OSDs and GreenDrop accounted for 76.3% of our total pounds processed during fiscal year 2024, compared to 53.0% of our total pounds processed in 2019. Further, our sales yield has grown to \$1.46, compared to \$1.08 for fiscal year 2019. As a result of our attractive financial profile, we have significant flexibility with respect to capital allocation, giving us the ability to drive long-term shareholder and stakeholder value through various operating and financial strategies.

Highly experienced and strategic leadership

Our strategic vision and culture are directed by a leadership team that combines deep industry expertise and advanced operational capabilities to continuously innovate our business. Given the unique needs of the business, our leadership team has diverse backgrounds across not only retail but also technology, manufacturing, and supply chain. We are committed to ethical practices in every aspect of our business and are guided by people who fundamentally do the right thing.

Seasonality

Seasonality in our business does not follow that of traditional retailers, which usually experience a typical concentration of revenue during the holidays. Supply from donations made to our NPPs is usually slightly more concentrated during the second and third quarters of the year, as it coincides with warmer periods, and customer demand for secondhand goods is usually slightly higher during the third and fourth quarters of the year, in part as a result of increased demand during the fall season.

Marketing and Brand Awareness

We have highly recognizable brands in Canada. In the U.S., we have an opportunity to continue building brand awareness across our four brands.

We drive traffic, acquire new customers and donors to our NPPs and promote brand awareness through an efficient, cost-effective mix of customer engagement (word-of-mouth), paid and organic marketing. Our marketing channels and approach include social media, influencer engagement, digital media, email, text messaging, online, and in store promotional materials, which support existing and new market entries. Our website is also an extension of our brand and retail stores, and serves as a marketing and informational tool.

To further strengthen brand awareness, particularly in the U.S., we are partnering with authentic, relatable influencers with highly engaged audiences. Our roster of influencers has enabled us to create a steady stream of on-brand, owned content that we can use and repurpose through other marketing methods, such as paid digital amplification efforts to reach our audiences at scale. Our user and influencer-generated content strategy builds authenticity by celebrating the real, genuine shoppers who have shaped our brand image through social media, online, email, paid digital and in-store signage, among other avenues.

ESG Impact

Environmental

Our business model is designed to maximize the life of reusable goods, and we found a reuse for over 3.2 billion pounds of secondhand items from 2020 to 2024. Textiles, shoes and books that are unsold at retail stores are sold to wholesale customers, who reuse and repurpose the items we sell to them globally. Textiles not suitable for reuse as secondhand clothing can be repurposed into other textile items (e.g., wiping rags) and post-consumer fibers (e.g., insulation, carpet padding), further reducing waste.

Social

Our business model is predicated on sourcing our supply from non-profit organizations in the communities where we do business. The contracts we enter into with our NPPs are typically 1-3 years in duration. Our relationships with our NPPs average approximately 20 years. Over the last five years, we have paid our NPPs more than \$490 million for secondhand goods, providing them with unrestricted revenue to support their community-focused missions.

We strive to positively impact our team members, customers and the communities in which we live and do business. Our leading "people" metric across our organization is team member engagement, which is scored across various areas, including overall job satisfaction, whether the team member would recommend us as a place to work, personal commitment, being energized at work and intent to remain employed. Our team member engagement is considered best-in-class, as measured by an external consultant, comparing our results to other companies in the retail sector. Team member engagement is crucial to customer satisfaction and the satisfaction of our NPPs and their donors.

We encourage team member involvement to support local causes and our stores are empowered to support local relief efforts and community nonprofits. For example, our stores have worked with local charitable organizations to provide items or discounts to individuals impacted by natural disasters such as fires and floods, teachers for their classrooms, victims of house fires, and other community requests. In partnership with Veterans Emergency Transition Service Canada, our stores provide move-in kits to help homeless veterans settle into new homes. Kits typically include kitchenware, bed and bath accessories, and other essential items.

We have also sponsored and engaged our corporate workforce in local charitable events such as nonprofit lunch and dinner galas and other community events. Our Charitable Giving Committee establishes our corporate giving philosophy, policies, and makes grants from our Donor Advised Funds.

Governance

We are committed to ethical practices in every aspect of our business and have adopted a Savers Code of Conduct that outlines our expectations for internal interactions and helps us maintain compliance with local laws and regulations. Our five core values guide our strategic direction and how our team members interact with one another, our communities and our customers: (1) make service count, (2) celebrate uniqueness, (3) do the right thing, (4) find a better way and (5) make an impact.

We continuously evolve our corporate governance policies, procedures and teams to ensure not only our compliance with applicable legal requirements, but that we also live up to our high ethical standards for good governance. We are proud of our highly skilled and diverse Board of Directors, which includes three key standing committees: the Audit Committee, the Compensation Committee, and the Nominating, Governance, and Sustainability Committee.

Trademarks and Other Intellectual Property

We believe that our brands significantly contribute to the success of our business. We own federally registered trademarks related to our brands, including SAVERS®, VALUE VILLAGE®, UNIQUE®, UNIQUE THRIFT STORE®, 2ND AVE®, 2ND AVE VALUE STORES® in the U.S., VALUE VILLAGE® and VILLAGE DES VALEURS^{MD} in Canada, and SAVERS® in Australia. In addition, we own federal trademarks for certain business programs, like FUNDRIVE® and ALTEREGO® in the U.S. and Canada and SUPER SAVERS CLUB® and GREENDROP® in the U.S. (both pending in Canada). We also pursue and maintain federal registrations for certain slogans that we use, including THRIFT PROUD® in the U.S., Canada and Australia and RETHINK REUSE® and I GIVE A SHIRT® in the U.S., as well as service marks such as our stylized recycling symbol comprised of folded store tags. Our trademark registrations have various expiration dates. However, assuming that the trademark registrations are properly renewed, they have a perpetual duration.

We also own several domain names, unregistered copyrights in our website content and in our Donation Manager route and schedule management software that we license for use by and on behalf of our non-profit partners.

We pursue infringement of our trademarks and copyrights when appropriate. We rely on trademark and copyright laws, trade-secret protection and confidentiality, license and other agreements with our NPPs, our vendors, employees and others to protect our intellectual property.

Exclusive rights are held for CPC technology in the U.S. and Canada until December 2025. Exclusive rights to the CPC technology in Australia extended to October 2024; no purchase agreement for an Australia CPC was entered before the October 2024 deadline, so those rights lapsed as to Australia. Exclusive rights to the ABP technology in the U.S., Canada and Australia currently extends to December 2029.

Government Regulation

We are subject to labor and employment laws, laws related to the collection of sales taxes and other tax matters, laws governing advertising and marketing including via text messaging and email and operation of customer loyalty programs, privacy laws, safety regulations, including consumer product safety regulations, and other laws including consumer protection regulations that regulate retailers and/or govern the promotion and sale of merchandise and the operation of stores and warehouse facilities, certain secondhand dealer ordinances, regulations related to clothing donation bins, environmental and waste regulations and laws, laws related to commercial and professional fundraiser registration and disclosure, regulations regarding telephone and mail solicitations, laws governing international trade and customs, laws governing weights and measures and laws related to transportation and trucking.

We sell to overseas customers a majority of the secondhand goods that do not sell at our retail locations, and source a minimal amount of new goods from overseas markets. The U.S. Foreign Corrupt Practices Act ("FCPA") and other similar anti-bribery and anti-kickback laws and regulations generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The U.S. Department of the Treasury Office of Foreign Assets Control ("OFAC") is responsible for economic sanctions on countries, designated individuals, and entities (businesses, charities, institutions) named on its list of Specially Designated Nationals and Blocked Persons. This list includes roughly 10,000 companies, organizations, and individuals around the world with whom the vast majority of dealings with U.S. persons (including companies and companies outside the U.S. owned by U.S. persons) are prohibited. Our policies and our vendor compliance agreements mandate compliance with applicable laws, including these laws and regulations. For additional information on the potential effects of government regulation on our business, refer to Part I, Item 1A (Risk Factors) of this Annual Report.

Human Capital

We strive to create a culture that attracts and retains qualified talent with diverse backgrounds, experience and skills embodying our cultural values. We believe the enthusiasm of our approximately 22,700 team members is one of the significant contributors to our Company's success, as highly engaged team members will provide better service to our customers, which is critical to customer satisfaction, the satisfaction of our NPPs and their donors, and the overall profitability of our stores. Therefore, our leading "people" metric across the organization is team member engagement, which is scored across various areas including overall job satisfaction, whether the team member would recommend us as a place to work, personal commitment, being energized at work and intent to remain employed. Our team member engagement is considered best-in-class, as measured by an external consultant, comparing our results to other companies in the retail sector.

We are exceptionally proud of our culture, and continually re-invest in our team members through training, professional growth opportunities, and a quality benefits package. We are committed to an engaged workforce that sees a path to promotion and host our own in-house "university" where we offer a wide array of both mandatory and elective online technical and management training programs. During fiscal year 2024, more than 62% of open salaried management positions were filled by internal promotions.

We believe that a unique perspective is critical to solving complex problems and inspiring a new generation of consumers to think secondhand first. As of December 28, 2024, 57% of the management roles in our stores and corporate operations were held by team members identifying as female, and 61% of our U.S. workforce was represented by diverse backgrounds and ethnicities. As of December 28, 2024, approximately 31% of our workforce is aged 20 to 30, with 27% aged 51 or older. During the same period, the average tenure of our store team members was 3.8 years, and our field multi-unit leaders, directors and executive population averaged 14.8 years of tenure. Our team members are primarily full-time employees (67% of our workforce) as of December 28, 2024 and approximately 89% of our workforce is compensated on an hourly basis.

We provide a competitive total compensation package to our team members, including competitive base pay and bonus programs, healthcare (both medical and dental), flexible spending accounts, life and disability insurance, retirement savings and a 401(k) corporate match program, mental health and wellness support programs, parental leave, and vacation, sick and holiday pay.

Additional Information

Our U.S. website is www.savers.com. We make available through the "Investors" section at www.ir.savers.com, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Proxy Statements and Forms 3, 4 and 5, and amendments to those reports, as soon as reasonably practicable after filing such materials with or furnishing such documents to the Securities and Exchange Commission (the "SEC"). The information found on our website is not a part of this or any other report filed with or furnished to the SEC. The SEC maintains a site that contains reports, proxy and information statements, and other information regarding issuers, such as the Company, that file electronically with the SEC at www.sec.gov.

Investors and others should note that Savers announces material financial information to its investors using its press releases, SEC filings and public conference calls and webcasts. Savers intends to also use the following channels as a means of disclosing information about Savers, its services and other matters and for complying with its disclosure obligations under Regulation FD:

Savers Investor Relations Webpage (www.ir.savers.com)

Savers X: <https://x.com/SaversVVillage>

Savers LinkedIn: <https://www.linkedin.com/company/saversvaluevillage>

Savers Instagram: https://www.instagram.com/savers_thrft/

Savers Meta: <https://www.facebook.com/savers>

The information Savers posts through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following Savers' press releases, SEC filings and public conference calls and webcasts. This list may be updated from time to time and reflects current updated channels as of the date of this Annual Report. The information we post through these channels is not a part of this Annual Report or any other document we file with the SEC, and the inclusion of our website addresses and X, LinkedIn, Instagram and Meta accounts are as inactive textual references only.

We have a code of ethics for senior financial officers, pursuant to Section 406 of the Sarbanes-Oxley Act. Copies of the code are available free of charge by writing to Secretary, Savers Value Village, Inc., 11400 S.E. 6th Street, Suite 125, Bellevue, WA 98004.

Item 1A. Risk Factors

Risk Factor Summary

Below is a summary of the principal factors that we believe make an investment in the Company speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found after this summary, and should be carefully considered, together with other information in this Annual Report and our other filings with the SEC, before making an investment decision.

Risks Related to Our Business and Industry

- The success of our business model depends on our ability to source quality secondhand items at attractive prices.
- The sourcing and other logistics of processing secondhand items, especially from local communities, can be subject to fluctuating costs and can have other risks that could negatively impact our business.
- Our growth and performance depend on the efforts of our store and processing center team members and may be negatively affected by the labor market and employee relations.
- Our extensive operations domestically and internationally are subject to global economic conditions, require us to manage different retail and wholesale environments and subject us to exchange rate risks.
- Our ability to grow may be negatively affected by perceptions of thrift, trends in consumer discretionary spending, our operational ability to manage growth and the availability of new store locations.
- Highly disruptive events such as natural disasters, global health crises and pandemics, geo-political events or workplace violence can negatively impact our logistics network and our sales.
- Our success and growth is affected by our operational efficiency, including how successfully we implement our offsite processing strategy, our use of technology, and our ability to manage acquisitions.
- Our reputation and brands may be adversely affected by actions of wholesale customers and our ability to maintain and report on our sustainability commitments.
- Competition in the secondhand market and from sellers of new items may adversely impact our revenue, profitability, market share, and partnerships.

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

- We could be, and have in the past been, subject to cyber-attacks or data breaches, which may cause significant business disruption and require us to incur additional costs and suffer reputational harm.

- We process significant amounts of personal information and data and operate in multiple countries and jurisdictions, many of which are implementing new or updating existing privacy and information security requirements. As a result, we may experience increased compliance costs and any failure or perceived failure to comply with requirements may result in financial or reputational harm.

- We may be unable to adequately protect our intellectual property or be accused of infringing on others' intellectual property rights and may be required to spend significant resources to defend or enforce our rights.

Risks Relating to Legal, Regulatory, Accounting and Tax Matters

- We have a material weakness and may be unable to establish or maintain an effective system of internal control over financial reporting or maintain effective disclosure controls and procedures.

- An actual or alleged failure to comply with the laws, rules and regulations that we are subject to could negatively affect our growth or increase our costs.

- We may incur losses due to the payment methods we accept, including credit cards.

- We may be exposed to a greater risk of litigation or claims as our business grows.

- Our financial condition and operating results may be negatively affected by inaccurate estimates or judgments, changes in tax legislation and limited ability to utilize our net operating loss carryforwards.

Risks Relating to Our Indebtedness and Liquidity

- We have a significant amount of indebtedness which requires cash to service or repay, the terms of which includes restrictions on our operations.

- Changes in interest rates or the ratings assigned to our debt could increase our debt service obligations or make it more difficult or expensive to obtain additional financing.

Risks Related to Ownership of Our Common Stock

- Our stock price may be volatile and decline due to factors outside our control, including sales by existing stockholders.

- Any additional issuances of our common stock may dilute our stockholders and affect our stock price.

- The only opportunity to achieve a return on your investment in our Company may be if our stock price appreciates and you sell your shares at a profit.

Risks Relating to Our Organizational Structure

- We rely on dividends and distributions from our operating subsidiaries to meet our obligations.

- We are a "controlled company" and majority owned and controlled by certain funds, investment vehicles and accounts managed or advised by the Private Equity Group of Ares Management Corporation (the "Ares Funds"), whose interests may conflict with ours or other stockholders.

- Provisions in our certificate of incorporation and bylaws may delay or prevent a change of control, and also contain exclusive forum provisions and renounce our interest in certain corporate opportunities.

General Risks

- We depend on our executive officers and other key employees.

- Being a public company may strain our resources.

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K and our other filings with the SEC, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes, before making a decision to invest in our common stock. Our business, results of operations, financial condition, cash flows and prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe to be material. If any of the risks actually occur, our business, results of operations, financial condition, cash flows and prospects could be harmed, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Relating to Our Business and Industry

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

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

Our ability to cost-effectively obtain quality secondhand items is dependent on maintaining strong relationships with our existing NPPs, maintaining and growing OSDs and developing relationships with new NPPs and their donors. Our efforts to appeal to NPPs and their donors, including, among other things, enhancing and improving our Community Donation Centers and timely compensating our NPPs, may not result in a recurring supply of quality secondhand items and these efforts may not be cost-effective individually or in the aggregate. Numerous factors may impede these efforts, including our ability to continue to enhance and improve our Community Donation Centers, provide timely and adequate compensation to NPPs, maintain our reputation, and face competition for secondhand items from other purchasers. We generally do not have long term supply agreements with our NPPs. Our ability to increase OSDs is dependent in large part on how convenient it is for donors to make a donation at one of our stores (which can be related to store location) and the quality of the donors' donation experience, including the identity and their perception of the NPPs to which they are donating their items. If we are unable to meet the expectations of our NPPs and their donors and drive repeat donations, the overall supply and quality of the secondhand items we receive could be adversely affected, and we may be required to pay higher prices to our NPPs for secondhand items as a result.

Furthermore, the quality of items we receive (either directly from our NPPs or through OSDs) is critical to our sales yield and profitability, and to our customers' experience. To the extent the items supplied to us are of low quality or poor condition, fewer of those items may be graded in our processing centers as salable at retail and a greater proportion of items may be sold at lower wholesale prices. Additionally, lower item quality may result in a lower unit retail price and may result in markdowns and other promotions. Furthermore, because many of our customers desire a treasure hunt experience, a decline in the amount of desirable items displayed could have a negative effect on their shopping experience and result in a decline in store visits and purchase volumes, and could also negatively affect our ability to attract new customers.

The failure to pay attractive prices for such items could also negatively impact our sales yield, revenues and profitability and could have a material, adverse effect on our business, financial condition and results of operations. In addition, economic uncertainties, governmental orders and other similar events or other challenges could negatively impact the ability or desire of NPPs to continue supplying secondhand items on terms or in quantities desirable to us or their donors' ability or willingness to make OSDs. If we are unable to obtain a sufficient volume of quality secondhand items, our sales revenue from secondhand items would be materially and adversely affected, which would have a material, adverse effect on our business, growth prospects, results of operations and financial condition.

We are subject to various risks to our physical store and processing facility locations, including with respect to the sourcing, processing, storage and other logistics of secondhand items.

The secondhand items we offer are initially sourced through our NPPs either directly or through OSDs at our stores as well as through GreenDrop locations. Beyond the price we pay for secondhand items, we may experience fluctuations in the cost of merchandise sold due to, among other things, increases in labor, transportation and storage costs, which may be driven by market forces outside of our control, such as inflation. Furthermore, our ability to generate revenue and the cost of merchandise sold in each locality may be limited or otherwise affected by each location's processing and storage capacity. Our business, financial condition and results of operations could be negatively impacted by these cost and capacity issues.

We may also receive damaged or dangerous secondhand items, and such items can be damaged during shipping or processing, during storage or otherwise while in our stores. For example, we may experience contamination such as mold, bacteria, insects or other pests, or damage due to water, spills or fire (including arson) or we may receive dangerous secondhand items such as weapons. If we are unable to detect, quarantine and properly deal with dangerous items or contaminants at the time items are initially received or if we are unable to maintain the health and safety of our facilities, our team members could be harmed or some or all of the other secondhand items in such facilities could be contaminated. These events may also cause us to incur additional expenses and our reputation could be harmed. We are also subject to shrinkage of inventory at our stores and facilities, and if we are unable to control such shrinkage, our sales yields will be negatively affected.

Additionally, since we offer a unique selection of secondhand items in our stores, our ability to restore such selection after physical damage or a disruption of any of our transportation, storage or processing operations would take time. To the extent any such events also affect our NPPs or their donors, the supply of goods to our stores may decrease, potentially resulting in certain limitations and delays of available supply for customers, which would negatively impact our revenue, financial condition and results of operations.

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

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

Our business depends on recruiting, hiring, developing, training and retaining talented key management personnel and team members in hourly full-time and part-time positions for our stores and processing facilities. Historically, our industry has been challenged by high rates of employee turnover, labor shortages and rising wage rates. In particular, retail and warehouse management positions have had historically high turnover rates which can lead to increased training and retention costs. We emphasize promotion from within and therefore must provide significant internal training and development for management personnel and must effectively manage succession planning. If we do not effectively attract or manage the promotion and retention of qualified individuals, our growth could be limited and the successful execution of our business model could be adversely affected.

Our ability to meet our labor needs while controlling labor costs is subject to many external factors, including competition for and availability of qualified personnel, rising unemployment levels, governmental regulatory bodies, wage inflation and prevailing wage rates in the jurisdictions in which we operate (including the heightened possibility of increased applicable minimum wage rules and regulations), health and other insurance costs, changes in employment and labor laws or other workplace regulations (including those relating to employee benefit programs such as health insurance and paid leave programs), our ability to maintain good relations with our team members, employee activism and our reputation and relevance within the labor market.

Over the past few years, we have incurred higher wage rates for our employees and we expect that our labor costs, including wages and employee benefits, will continue to increase. In recent years, inflation has risen worldwide and the U.S. and Canada have experienced historically high levels of inflation. While we have made certain price adjustments to, among other things, address labor costs, there can be no assurance that our revenues will increase at the same rate to maintain the same level of profitability.

If we are unable to attract and retain quality employees and management personnel, or fail to comply with the regulations and laws impacting personnel, our operations, processing efficiency, customer service levels, legal and regulatory compliance and support functions could suffer, resulting in a material adverse effect on our business, financial condition and results of operations.

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

Our business and results of operations are subject to global economic conditions, conditions in the markets in which we operate and their impact on consumer discretionary spending, particularly in the retail market. Some of the factors that may negatively influence consumer spending on retail items include high levels of unemployment, high consumer debt levels, a prolonged economic downturn or acute recession, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices, other inflationary pressures and general uncertainty regarding the overall future political and economic environment. For example, most Canadian mortgages require multiple term renewals until they are paid in full, and the recent inflationary pressure and elevated interest rates means increased financial pressure on Canadian homeowners that may affect their spending. Furthermore, the macroeconomic environment in Canada remains challenging, with elevated levels of unemployment and a high cost of living that is especially hard on low-income consumers, which may lead to reduced consumer spending and lower sales at our locations throughout Canada. Additionally, economic conditions in particular regions may also be affected by natural disasters, such as earthquakes, hurricanes and wildfires; unforeseen public health crises; political crises, such as terrorist attacks; war, such as the ongoing Russia-Ukraine conflict and conflicts in the Middle East; and other incidents of political or social instability or other catastrophic events in the U.S., Canada or internationally. The presence or absence of government stimulus funding programs has had and may continue to have an impact on consumer discretionary spending and, consequently, purchases at our stores.

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

Furthermore, fluctuations in economic and other conditions could also negatively impact the rate at which individuals choose to donate their secondhand items to our NPPs. To the extent that donors have lower actual or perceived wealth or economic security, donors may be less willing or able to donate items to our NPPs. A constriction in the supply of secondhand items could increase the price of and/or reduce the quality or quantity of items we purchase for sale in our stores, which would adversely affect our revenues, profitability and sales yields. As a result, general economic and other conditions could have a material and adverse effect on our business, results of operation and financial condition.

If we fail to manage our growth effectively and execute our business plan, our business, results of operations and financial condition could be harmed.

Our growth has placed, and may continue to place, significant demands on our management and our operational and financial resources. Our organizational structure is complex, reflecting our multi-tiered operational, financial and management controls as well as our reporting systems and procedures.

To manage our operations and the significant number of customers, we will need to continue to grow and improve our operational, financial and management controls and our reporting systems and procedures. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, people services, marketing, operations, administrative, legal, financial, customer support, information technology, investor relations and other resources. If we fail to manage our anticipated growth in a manner that preserves key aspects of our corporate culture, our employee morale, productivity and retention rates could suffer, which could negatively affect our brands and reputation and harm our ability to grow our business.

In future periods, we may not be able to sustain or increase net sales growth rates consistent with recent history, or at all. We believe our success and revenue growth depends on a number of factors, including, but not limited to, many of the risks discussed in this section.

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

We lease all of our locations and must identify, obtain and retain suitable locations for our stores and processing facilities to achieve our planned growth.

We lease all of our locations. Our business strategy requires us to find appropriate store sites in our targeted market areas, and we compete with other retailers and businesses for many of these locations. Furthermore, the growth of our business depends on our ability to secure additional locations for our CPCs and other offsite processing facilities to serve our stores. We estimate that approximately half of our planned store locations may require processing facilities on-site that necessitate specific size, layout and other physical attributes that may not be available widely in the local area. We must also continue to staff our CPCs with qualified workers because our CPC operations are complex and highly dependent on numerous employees and personnel working as a team. Spaces that meet our physical requirements in well-positioned geographic locations continue to be limited, and lease terms offered by landlords are competitive, particularly in geographic locations with access to the large, qualified talent pools required for us to run our logistics infrastructure. Companies with more financial resources and negotiating leverage than us may be more attractive tenants and, as a result, we may be outbid for the facilities we seek.

Our store site selection process includes review of impactful demographic information, including regarding potential customers, donors and team members. This information can be a helpful indicator but may not accurately predict consumer preferences, buying or donation trends or workforce availability. Time frames for negotiations and store development vary from location to location and can be subject to unforeseen delays or unexpected cancellations, which could delay openings and have a negative impact on our business and operating results. Furthermore, if we are unable to locate and compete for suitable locations in the future, we may not be able to open new locations or fully realize the expected benefits of existing locations.

We are also subject to certain risks with respect to our leases. Our store leases are generally for extended terms with a typical initial term of 10 years and existing leases have an average remaining term of approximately 7.67 years as of December 28, 2024. The majority of our store leases contain provisions for base rent and a small number of our leases also contain provisions for percentage rent based on sales in excess of an agreed upon minimum annual sales level. In addition, certain of our leases may contain restrictions on our ability to terminate, assign or sublease our obligations or may contain obligations to continue operating for certain lengths of time, which could prevent us from closing or relocating certain underperforming locations. If we decide to close locations, we generally are required to continue paying rent and operating expenses for the balance of the lease term. Further, even if we are able to assign or sublease vacated locations, we may remain liable on the lease obligations for the rent differential or if the assignee or sub-lessee does not perform. Accordingly, we are subject to certain risks associated with leasing locations, which can have a material and adverse effect on us.

If we are unable to secure suitable locations in the future, we may experience difficulty in opening new locations at reasonable cost. Due to the competitive nature of the real estate market, we may be unable to renew our existing leases on satisfactory terms or at all. If we are unable to renew, renegotiate or replace our leases or enter into leases for new locations on favorable terms, our growth and profitability could be harmed, which could have a material and adverse effect on our business, financial condition and results of operations.

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

Our ability to attract and retain customers also depends on our ability to offer a broad selection of desirable and quality secondhand items in our stores, our ability to consistently provide high-quality customer experiences and our ability to successfully promote and position our brands and stores. To expand our customer base, we must appeal to and attract customers who do not typically purchase secondhand items or who use other means to purchase secondhand items, such as other consignment and thrift stores or online secondary marketplaces. We reach new customers through paid search, social media, influencers, advertising, other paid marketing, press coverage, retail locations, referral programs, organic word of mouth and other methods of discovery, such as converting our NPPs' donors to customers. We expect to continue investing in these and other marketing channels but cannot be certain that these efforts will enable us to attract and retain more customers, result in increased store visits or increased basket sizes or be cost-effective. Consequently, failure to attract new customers and to retain existing customers could harm our business, results of operations and financial condition.

Our investments in marketing may not effectively reach potential and existing customers, which could negatively affect our results of operations. Moreover, consumer preferences may change, and customers may not purchase through our stores as frequently or spend as much with us as historically has been the case. In addition, our social media presence may expose us to reputational damage if others post negative information concerning our business, our customers, NPPs or their donors, regardless of whether such information is accurate. Any such harm may be immediate and we may not have any opportunities for redress or correction, which could have an adverse effect on our reputation, business, results of operations, financial condition and prospects. Consequently, failure to attract new customers and to retain existing customers could harm our business, results of operations and financial condition.

We have significant foreign operations, particularly in Canada, that subject us to additional operating risks and certain exchange rate risks, which we may not be able to fully hedge.

As of December 28, 2024, we operated 165 stores in Canada and 14 stores in Australia. Our operations in these non-U.S. jurisdictions require us to understand the retail climate and trends, customs and cultures, seasonal differences, business practices and competitive conditions in those jurisdictions. We are also required to familiarize ourselves with the laws, rules, regulations and government of each of those jurisdictions. Operations in each jurisdiction also require us to develop the appropriate in-country infrastructure, identify suitable partners for local operations and successfully integrate operations in that jurisdiction with our overall operations while effectively communicating and implementing company policies and practices. There are also financial, regulatory and other risks associated with international operations, including currency exchange fluctuations, potentially adverse tax and transfer pricing considerations, limitations on the repatriation and investment of funds outside of the country where earned, tariffs or trade regulations, the risk of sudden policy or regulatory changes, the risk of political, economic and civil instability and labor unrest and uncertainties regarding interpretation, application and enforceability of laws and agreements. Any of these risks could adversely impact our operations, profitability or liquidity.

In addition, our Canadian and Australian operations use a functional currency other than the U.S. dollar. For fiscal year 2024, 43.3% of our net sales were denominated in a currency other than the U.S. dollar. We are exposed to currency translation risk because the results of our international businesses in some countries are generally reported in local currency, which we then translate to U.S. dollars we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results.

Natural disasters, pandemics, geo-political events and other highly disruptive events can have an unpredictable and adverse impact on our business, results of operations and financial condition.

Our stores and processing facilities are critical to our operations. Any disruptions to those facilities or our logistics network, headquarters or any properties used by NPPs in connection with the supply of secondhand items to us could disrupt our business and overall operations. Events such as natural disasters or severe or otherwise unusual weather events (including, but not limited to, fires, hurricanes, tornadoes, tsunamis, floods, earthquakes); actual or threatened workplace violence which can include premeditated or spontaneous acts such as terrorism, bomb threats, robbery, assault, active shooters, interpersonal violence, arson and civil unrest that results in protests, rioting and/or looting; disease outbreaks; nuclear accidents; cyberattacks; military activities; labor strikes; and building or construction damage or defects could cause physical damage to or destruction of one or more of our properties and/or inventory, and could further severely disrupt our operations, supply chains or utilities or data and communications systems and cause harm to our team members and/or customers and expose us to litigation relating to personal injury or property damage. We cannot be certain that our insurance coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all.

In addition, events that could limit the ability or desirability for people to shop in person would also heighten certain other risks disclosed in this Annual Report. These effects have in the past and could in the future negatively impact our operations and financial performance, including our revenues and sales yield, including through impacting the amount and quality of donations to our NPPs and our customers' willingness to shop at our stores. For example, due to the COVID-19 pandemic, our retail stores were closed for a substantial portion of 2020, which resulted in lower retail sales volume and fewer donations made to our NPPs at our CDCs. When locations were reopened, we also experienced operational challenges from personnel absences, decreased foot traffic at our stores, a decrease or volatile patterns in spending on retail in general, and continued diversion of the attention of our management team.

Further, any of the events described herein or other events that cause closures, reductions or delays in operations can slow or temporarily halt our operations and could cause us to incur significant costs to relocate or otherwise re-establish these functions, reduce customer sales or our ability to sell items, or increase our insurance costs. These events could also cause reputational harm, decreased consumer confidence and spending and/or increased volatility in the U.S., Canada and global financial markets and economies. Any of these developments could have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to extend our exclusive rights with the provider of our CPC and ABP technologies, and otherwise successfully leverage technology to automate and drive efficiencies, our business, results of operations and financial condition could be harmed.

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

As we continue to enhance automation and add other capabilities, our operations may become increasingly complex. We are increasing our investment in technology, software and systems to support these efforts, but such investments may not increase productivity, maintain or improve the experience for customers or result in more efficient operations. There are also inherent risks associated with the investment in and use of new technologies, such as artificial intelligence, and such operational and supporting technologies can be subject to failure, disruption, or unavailability and increased vulnerability to cyberattacks and other cyber incidents. While we have created our own proprietary technology to operate our business, we also rely on technology from third parties, particularly in our CPCs. If we are no longer able to rely on such third parties, we could be required to seek other third-party licenses; redesign aspects of our operations to function without such technologies or services; or develop such technologies ourselves, any of which would result in increased costs and could result in operational disruption.

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

To the extent a significant portion of our employee base would choose to unionize, or attempts to unionize, our labor and other related costs could increase. Our ability to pass along any increased labor or other related costs to our customers is constrained by our everyday low-price model, and we may not be able to adequately offset such increased costs elsewhere in our business. In September 2022, one retail store in Ontario, Canada voted to be represented by a union. In September 2024, the same retail store in Ontario, Canada voted to decertify, and the union's bargaining rights were terminated. If our employees decide to form or affiliate with a union, we cannot predict the effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including increases in our labor costs, which could harm our business, results of operations and financial condition.

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

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

We have in the past and may in the future consider acquisitions of other companies or technologies, but we have limited experience in such transactions. There are limited acquisition targets within our industry and even if we are able to identify a suitable target, we may not be able to complete the acquisition on commercially reasonable terms or at all. Pursuing of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

If we do complete acquisitions, we may not be able to successfully integrate the acquired operations, systems (including financial, inventory, customer and other systems), team members and facilities into our company, or the time and resources spent on such integration could be greater than expected. In addition, we also may not accurately forecast the financial impact of an acquisition transaction, including accounting charges. Financing such acquisitions may require significant cash, debt (which indebtedness may restrict our business or require the use of available cash to make interest and principal payment) or the issuance of equity or convertible debt securities (which may result in further dilution of our existing stockholders). For example, we spent significant time and resources and incurred a significant amount of debt to finance the acquisition of 2nd Ave. and integrate its operations into our business.

As a result, our competitive position may not improve as intended, we may not realize the anticipated benefits from the acquired business or otherwise achieve our goals, and any acquisitions we complete could be viewed negatively by our investors, customers or team members. If we fail to evaluate and execute acquisitions successfully or fail to successfully address any of these risks, our results of operations and expansion prospects may be harmed.

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

Much of the merchandise we purchase from our NPPs is not sold in our stores, but instead is sold into the global wholesale secondhand goods market. We have in the past, and may in the future, experience fluctuations and disruptions in this market. For example, we could experience fluctuations in the demand for or the price of our secondhand goods due to an influx of competing inexpensive textiles; localized or regional events happening in the end markets for these goods, such as natural disasters, civil unrest or economic conditions; or because of changes in laws, rules and regulations in the end markets. If we are unable to sell a sufficient amount of secondhand goods into the wholesale market, our business, our reputation and our revenues, profitability, results of operations and financial condition could be materially and adversely affected.

We may not succeed in promoting and maintaining our reputation, and our business could be negatively impacted by a failure, or perceived failure, to live up to our sustainability and corporate citizenship commitments.

We believe that our brands and reputation have significantly contributed to the success of our business, including our ability to attract and maintain relationships with our customers, NPPs and their donors, and our team members. An important goal of our brand promotion strategy is establishing trust with our customers and NPPs and their donors. For customers, maintaining our reputation requires that we foster trust through responsive and effective customer service and a broad supply of desirable brands and secondhand items. For NPPs and their donors, maintaining our brands and reputation requires that we foster convenience with service that is convenient, consistent and timely. Our payments must also be perceived by our NPPs to be adequate compensation for the items they collect. If we fail to maintain these or other elements of our reputation, our revenues and the quantity and quality of goods supplied to us could be materially and adversely affected. As a result, a failure to maintain our reputation could have a material, adverse effect on our business, growth, results of operations and financial condition.

Our business strategy is built around sustainability and the reduction of waste in our local communities and in the textile and other industries through thrift, reuse and repurposing. We also seek to maintain good corporate citizenship and continuously strive for a more inclusive and diverse workplace. Our commitment to such matters may require us to devote additional resources to operational reviews and could increase our expenses, which could reduce profitability. Further, our relationships with our customers, NPPs and their donors may be adversely affected by complaints and negative publicity about us and our merchandise, even if factually incorrect or based on isolated incidents. Negative publicity may be generated around a failure, or a perceived failure, to live up to our commitments, for the scope of our commitments and engagement, for lack of transparency or for inaccurate reporting about such matters. We also may experience damage to our brands and reputation if our wholesale customers improperly use or dispose of the items we sell to them.

These and other events or negative publicity could discourage our customers from shopping at our stores, causing our net sales to decrease, and could negatively impact our relationships with our NPPs and their donors, causing the quantity and quality of secondhand goods we receive to decrease (and thus negatively impacting our revenues and sales yields). This may also impact our ability to attract and retain talent.

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

The markets for resale and secondhand items are highly competitive. We compete with vendors of new and secondhand items, including branded goods stores, local, national and global department stores, consignment and thrift stores (including non-profit operators), specialty retailers, direct-to-consumer, retailers (including fast fashion, value fashion and off-price retailers), independent retail stores, resale players focused on niche or single categories, as well as internet-based secondhand retailers and other technology-enabled marketplaces. We believe the risks described in this Annual Report, many of which are beyond our control, directly affect our ability to compete. Further, our competitive position is affected by the price at which we offer secondhand items; the speed and cost at which we can process and make available secondhand items to our customers; and the selection of items that we provide in stores.

As our market continues to evolve, we expect new market entrants and for competition to intensify. Established companies may not only develop online platforms or competing lines of business, but also acquire or establish relationships with competitors or our NPPs or their donors or provide meaningful incentives to favor their offerings over our stores. The performance of our competitors as well as changes in their pricing and promotional policies, marketing activities, new location openings, merchandising and operational strategies could negatively impact our ability to compete and to grow our revenue, and our sales and profitability may suffer.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as greater brand name recognition and longer operating histories; larger fulfillment infrastructures; greater technical capabilities; internet-based marketplaces; broader supply; established relationships with a larger existing customer and/or NPP and donor base; better access to merchandise; superior or more desirable secondhand items for sale or resale; perceived pricing advantages due to the disparate application of sales tax to different entities; greater customer service resources; greater financial, marketing, institutional and other resources; greater resources to make acquisitions; lower labor and development costs; larger and more mature intellectual property portfolios; and better access to capital markets than we do. Such competitors with greater financial and operating resources may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and derive greater revenue and profits from their existing customer bases; adopt more aggressive pricing policies to build larger customer or NPP bases; or respond more quickly than we can to new or emerging technologies and changes in consumer shopping behavior. In addition, promotional pricing or other pricing strategies utilized by national retailers and brands that set their own retail prices, as well as the offerings by fast fashion, value fashion and off-price retailers, may adversely affect the relative value of our offerings of secondhand items and we may need to lower our prices in order to compete. This could, as a result, adversely affect our business, revenue, growth, results of operations and financial condition.

Conditions in our market could also change rapidly and significantly as a result of technological advancements (including artificial intelligence and machine learning), partnering by our competitors or continuing market consolidation or strategic changes we or our competitors make in response to macro-economic or other events, and it is uncertain how our market will evolve. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer customers and NPPs, reduced revenue, reduced profitability and loss of market share. Any failure to meet and address these factors could harm our business, results of operations and financial condition.

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

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

In the ordinary course of our business, we collect, process and store certain personal information and other data, such as customer payment card data and employee information. We also maintain other confidential business information such as financial information, operating statistics and metrics, trade secrets and third-party confidential information. Like other large retailers, we rely substantially on commercially available systems, software, tools and monitoring to provide security for our processing, transmission and storage of such information. Cybercriminals may attempt to gain access to our information systems to misappropriate sensitive information or data or to deprive us from access to necessary business information and to disrupt our operations, as part of so-called "ransomware" extortion activity or otherwise. We have been in the past and could be in the future the subject of attacks. For example, in July 2020, we suffered a ransomware attack that caused the loss of some of our data and caused some temporary operational disruptions. In addition, our employees, NPPs, service providers or other third parties with whom we do business may purposefully or inadvertently release or compromise such data, including through inadequate security practices or attacks on their networks.

Despite security measures we have in place, and our efforts to prevent, monitor, and mitigate attacks and errors, our facilities, systems and confidential information may be vulnerable to attacks. The techniques used by cybercriminals change frequently, cybercriminals are increasingly sophisticated, and we continue to see advances in computer capabilities and remote access by employees. We expect to incur ongoing costs associated with the detection and prevention of security incidents and may incur additional costs in the event of a breach.

In addition, cyberattacks that impact companies through a critical third-party service provider or elsewhere in the supply chain are increasingly prevalent. Because we make extensive use of third-party suppliers and service providers, successful cyberattacks that disrupt or result in unauthorized access to third-party IT systems can materially impact our operations and financial results. Cybersecurity risk has also increased as a result of global remote working dynamics that present additional opportunities for threat actors to engage in social engineering and to exploit vulnerabilities in non-corporate networks used by many of our employees and critical third-party providers. Moreover, any integration of artificial intelligence in our or any third-party's operations, products or services is expected to pose new or unknown cybersecurity risks and challenges.

Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of confidential information and delays in detecting or providing notice of any such loss could disrupt our operations, damage our reputation, impact our sales and subject us to litigation, government action, increased transaction fees, regulatory fines or penalties or other additional costs and liabilities that could adversely affect our business, results of operations and financial condition, as well as the trading price of our stock.

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

Our use and other processing of personal information and other data is subject to laws and regulations. Changes in such laws or regulations or any actual or perceived compliance failures could adversely affect our business, results of operations and financial condition.

We collect, maintain and otherwise process significant amounts of personal information and other data relating to our customers, employees and other individuals. We are subject to the terms of our privacy policies and notices and may be bound by contractual requirements applicable to our collection, use, processing, security and disclosure of personal information, and may be bound by or alleged to be subject to, or voluntarily comply with, self-regulatory or other industry standards relating to these matters. Additionally, numerous state, provincial, and federal laws, rules and regulations of the countries where we operate govern the collection, use and protection of this information. Such requirements are constantly evolving, and we expect that there will continue to be new proposed requirements relating to privacy, data protection and information security in the U.S., Canada and Australia, or changes in the interpretation of existing privacy requirements. For example, the California Consumer Privacy Act ("CCPA", effective January 1, 2020) broadly defines personal information, imposes stringent consumer data protection requirements, gives California residents expanded privacy rights, provides for civil penalties for violations and introduces a private right of action for data breaches, and the California Privacy Rights Act ("CPRA", effective January 1, 2023) creates additional obligations relating to personal information. Approximately seventeen U.S. states have enacted laws and regulations relating to privacy similar to California's, seven of which went into effect between 2023-2024. An additional five states have privacy laws that went into effect in January 2025 and an additional five states have privacy laws going into effect the following year.

We have significant operations in Canada and Australia, and must also comply with data privacy laws in those jurisdictions. In Canada, our collection, use, disclosure and management of personal information must comply with both federal and provincial privacy laws. The Personal Information Protection and Electronic Documents Act ("PIPEDA") applies in all Canadian provinces except, in certain contexts, Alberta, British Columbia and Québec, as well as to the transfer of personal information across provincial or international borders. PIPEDA imposes stringent personal information protection obligations, requires privacy breach reporting, and limits the purposes for which organizations may collect, use and disclose personal information, which includes consumer data. The Consumer Privacy Protection Act is intended to replace PIPEDA and is expected to become federal law in Canada in 2025. The provinces of Alberta, British Columbia, and Québec have enacted separate data privacy laws that are substantially similar to PIPEDA, but, among other differences, all three additionally apply to our handling of our own employees' personal data within their respective provinces. Québec's privacy act includes transparency and privacy impact assessment requirements and also imposes financial penalties for certain offenses like unlawful use of personal information and failure to report data breach incidents. We may incur additional costs and expenses related to compliance with these laws. We are also subject to Canada's anti-spam legislation ("CASL") when sending commercial electronic messages and can be held liable for violations. In Australia, the Privacy Act 1988 and the Australian Privacy Principles ("APPs") regulate the handling of personal information, giving the Australian Information Commissioner the power to conduct investigations, and imposing civil penalties for breach. Updates to the Privacy Act in 2023 increased the civil penalties available for serious and repeated breach events. Australia's Privacy and Other Legislation Amendment Bill 2024, referred to as the 'first tranche' of privacy law updates, was recently passed by both houses of Parliament and received Royal Assent on December 10, 2024. While the bill primarily focuses on development of a children's online safety code and uplifts to cybersecurity requirements, additional 'tranches' increasing consumer privacy rights are under consideration. To the extent our operations further expand internationally, we may become subject to additional laws and regulations relating to privacy and data protection.

Any failure or perceived failure by us or any third parties with which we do business to comply with these privacy requirements, with our posted privacy policies or with other similar obligations may result in investigations or governmental enforcement actions, private claims, public statements against us by consumer advocacy groups or others and fines, penalties or other liabilities. For example, California consumers whose information has been subject to a security incident may bring civil suits under the CCPA for statutory damages between \$100 and \$750 per consumer. In Canada, we may be subject to regulatory investigations, fines or class action suits stemming from violations of PIPEDA, provincial data privacy laws or CASL. Any such action would be expensive to defend, likely would damage our reputation and market position, could result in substantial liability and could adversely affect our business and results of operations. Additionally, our efforts to comply with these laws may impose significant costs and challenges that are likely to increase over time, and we cannot fully predict the impact on our business or operations of certain unclear aspects of recent laws, future requirements, or changes in the interpretation of existing requirements.

We may be unable to protect our intellectual property rights, and we may be accused of infringing on the intellectual property or other proprietary rights of third parties.

We rely on a combination of intellectual property rights, contractual protections and other practices to protect our brands, proprietary information, technologies and processes. Our trademarks are valuable assets that support our brands and customers' perception of our services and merchandise. We primarily rely on copyright and trade secret laws and exclusive licenses-in to protect our proprietary technologies and processes, including the automated operations systems and machine learning technology we use. Although we enter into confidentiality and/or invention assignment agreements with our employees, consultants and other parties with whom we have strategic relationships, no assurance can be given that these agreements will be effective. Further, these agreements do not prevent our competitors from independently developing similar technologies. To monitor and protect our intellectual property rights, we may be required to spend significant resources, and we may not be able to detect infringement by third parties. Litigation may be necessary but could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Additionally, if we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our results of operations would be adversely impacted.

We have been in the past and may be accused in the future of infringing intellectual property or other proprietary rights of third parties, such as infringement of a state trademark or violating the right of publicity. For example, although we prohibit our employees from using the proprietary information of others, we may become subject to a claim that an employee has divulged or used the proprietary information of a former employer. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, customers or others. Supporting any litigation or disputes related to these claims can be expensive and distracting, and we cannot provide assurances that we will achieve a favorable outcome. If any such claim is valid, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, which could adversely affect our business and results of operations.

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

We rely on software, technologies and services sourced or licensed from third parties to operate critical functions of our business, including payment processing services, certain aspects of CPC automation and customer relationship and management services. We also use services such as Microsoft for our business emails, file storage and internal communications. If any of the third-party software or services we utilize, or the functional equivalents thereof, were unavailable due to outages or interruptions or because they are no longer available on commercially reasonable terms, our business could experience significant operational disruptions. In each case, we may be required to expend significant resources to remediate such outages; develop such software ourselves; or seek similar software licenses or services from other parties and reshape our business and operations to function with such new software or services. These alternatives could require a significant capital investment, take an extended period of time to implement, and divert management's attention from our other business concerns, which could adversely affect our business and results of operations.

Risks Relating to Legal, Regulatory, Accounting and Tax Matters

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

We are required to maintain internal control over financial reporting in accordance with applicable rules and guidance and to report any material weaknesses in such internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. We identified deficiencies in our internal control over financial reporting, which in the aggregate, constitute a material weakness related to our ability to evidence the design and implementation of effective information technology general controls ("ITGCs") for information systems and applications that are relevant to the preparation of our financial statements.

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

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

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

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

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

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

Our business and financial condition could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our business, including those relating to consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, banking, environmental protection, waste management, workplace safety, sustainability, data security, network and information systems security, and data protection and privacy. For example, we expect to be subject to laws in the State of California that require certain businesses operating in California to prepare a climate-related financial risk report and publicly disclose Scope 1, 2 and 3 greenhouse gas emission with third-party assurance. Additionally, the U.S. and Canadian governments may impose tariffs or other economic measures which may have adverse effects on our business. If we were to further expand domestically or internationally, we could be subject to additional regulation.

Further, the resale of secondhand items is subject to significant regulation both domestically and internationally, including by state, provincial or other local governments and regulatory authorities, and can include jurisdiction-specific licensing requirements for secondhand dealers. For example, the resale of secondhand items is subject to regulation by the U.S. Consumer Product Safety Commission, the U.S. Federal Trade Commission (the "FTC"), the U.S. Fish and Wildlife Service, and under the Canadian Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act, and the Convention on International Trade in Endangered Species of Wild Fauna and Flora with respect to our Australian operations. Examples of regulated items include those with certain animal product components (ivory, fur, snakeskin, etc.), jewelry, aquatic toys, children's items, and hazardous or dangerous items. Regulation can, in some jurisdictions, also require mandatory reporting and/or carry serious penalties for non-compliance. The laws and regulations for the resale of secondhand goods are complex, vary from jurisdiction to jurisdiction and change often. As of December 28, 2024, we received our supply of secondhand items in approximately 30 U.S. states, 10 Canadian provinces and 3 Australian states or territories. Changes in these regulations, or our growth into a new location, could require us to change the way we conduct business in the applicable jurisdictions, such as prohibiting or otherwise restricting the sale or shipment of certain items in some locations. Failure of our employees to identify prohibited items and remove them from the sale process could lead to violations of regulations, fines, penalties or other claims against us, resulting in increased expenses and costs.

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

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

Moreover, in connection with our marketing and advertisement practices, we have been in the past and may in the future be, the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states. Additionally, the laws and regulations governing the use of social media, emails, push notifications and text messages for marketing and other business purposes continues to evolve. The failure by us, our employees or third parties acting at our direction to comply with these laws and regulations may negatively affect our brands, reputation, adversely impact our relationships with our NPPs and subject us to penalties and fines.

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

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

We and our third-party credit card payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we or our third-party credit card payment processors fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers. Further, we could violate or be alleged to have violated applicable laws, regulations, contractual obligations or other obligations, including those regulating to privacy, data protection and data security.

Any of these could damage our reputation and market position, result in claims, litigation or regulatory investigations and proceedings or lead to expenses that could harm our business, results of operations and financial condition.

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

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

Our directors and executive officers may also be subject to litigation. We indemnify our directors and officers to the fullest extent permitted by Delaware law, which may discourage derivative litigation and stockholder fiduciary duty lawsuits, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of litigation and resolution against our directors and executive officers as required by our indemnification obligations. Our insurance policies may not cover all potential claims made against our directors and executive officers, may not be available to us in the future at a reasonable rate and may not be adequate to indemnify us for all costs and liability that may be imposed. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

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

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

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

The Tax Cuts and Jobs Act, (the "Tax Act"), among other things, introduced significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of "adjusted earnings" (roughly defined as earnings before interest and taxes), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. The most significant impacts of the Tax Act on our financial results to date have included lowering of the U.S. federal corporate income tax rate and remeasurement of our net deferred tax liabilities.

Furthermore, the Inflation Reduction Act of 2022 introduced, among other changes, a 15% corporate minimum tax on certain U.S. corporations and a 1% excise tax on certain stock redemptions by U.S. corporations. The U.S. government may enact further significant changes to the taxation of business entities (and certain provisions of the Tax Act may expire), including, among other changes, an increase in the U.S. taxation of international business operations. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict the ultimate impact of the Inflation Reduction Act or any such further changes on our business.

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

As of December 28, 2024 and December 30, 2023, we did not have U.S. federal net operating loss carryforwards and had \$11.4 million and \$11.5 million, respectively, of U.S. state net operating loss carryforwards. These net operating loss carryforwards expire between 2028 and 2041. As of December 28, 2024, we had \$0.3 million of federal foreign tax credit, no federal R&D credits and no other federal tax credits. As of December 30, 2023, we had \$0.3 million of federal foreign tax credit, no federal R&D tax credits and no other federal tax credits. Portions of these net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities. For state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

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

We are subject to various anti-corruption and export laws and regulations, violations of which could have a material adverse effect on our business, financial condition and results of operations.

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

Violations of anti-corruption or trade control laws and regulations, or even allegations of such violations, could result in civil or criminal penalties, as well as disrupt our business, operations, financial condition and results of operations. We cannot guarantee that we have or will continue to be in full compliance with these rules, and our further growth or international expansion, or changes to the applicable laws and regulations, could increase our future legal exposure and compliance-related costs.

Risks Relating to Our Indebtedness and Liquidity

The amount of our indebtedness and its rating could materially adversely affect our financial condition.

We have a significant amount of indebtedness. As of December 28, 2024, our total indebtedness was \$761.3 million, including \$315.8 million aggregate principal amount outstanding under our Senior Secured Credit Facilities and \$445.5 million aggregate principal amount of Senior Secured Notes ("Notes") under the indenture dated as of February 6, 2023, by and among Evergreen AcqCo 1 LP, TVI, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee (the "Indenture"). Under the Senior Secured Credit Facilities, we have the Term Loan Facility and the Revolving Credit Facility. As of December 28, 2024, we had no advances on the Revolving Credit Facility, there were \$1.2 million of letters of credit outstanding and \$123.8 million was available to borrow. On February 6, 2025, we redeemed \$44.5 million aggregate principal amount of the Notes. Subsequent to the redemption, the Company had total borrowings of \$716.8 million outstanding.

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

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

In addition, the Senior Secured Credit Facilities and the Indenture contain restrictive covenants that limit our ability to engage in activities that may be in our long term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt. Our debt currently has a non-investment grade rating, which could be lowered or withdrawn entirely by a rating agency. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. In the event we needed to refinance all or a portion of our indebtedness on or before the maturity thereof or acquire additional financing, we may not be able to do so on commercially reasonable terms or at all, which would have a material adverse effect on our business.

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

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

We may be able to incur significant additional indebtedness, or other obligations that do not constitute indebtedness, in the future. Although the Senior Secured Credit Facilities and the Indenture contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions. The Senior Secured Credit Facilities provide for additional uncommitted incremental loans of up to the greater of \$136 million and 100% of EBITDA for the most recent four fiscal quarters, plus certain other amounts, with additional incremental loans available if certain leverage ratios are maintained. Of the incremental capacity, \$65.0 million was permitted to be (and was utilized as) incremental commitments under the Revolving Credit Facility (including an increase of \$50.0 million of commitments under the Revolving Credit Facility on June 27, 2024 in connection with the Fourth Amendment to the Credit Agreement). All of those borrowings would be secured by first-priority liens on our property. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to implement any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Senior Secured Credit Facilities and the Indenture restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

The Term Loan Facility and the Notes will mature on April 26, 2028. The Revolving Credit Facility will mature on April 26, 2027. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would have a material adverse effect on our financial condition and results of operations. If we cannot make scheduled payments and default on our debt, the lenders under the Senior Secured Credit Facilities could terminate their loan commitments, the lenders and the holders of the Notes could foreclose against the assets securing their debt, and we could be forced into bankruptcy or liquidation. In addition, we maintain domestic cash deposit balances with Federal Deposit Insurance Corporation ("FDIC") insured banks that may exceed the FDIC insurance limits. These balances could be impacted if one or more of these banks fails or is subject to other adverse conditions in the financial or credit markets. In the event one or more of our balances are impacted, our ability to satisfy our debt obligations may be materially adversely affected. Any of these events could result in you losing all or a portion of your investment in the common stock.

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

The Senior Secured Credit Facilities and the Indenture contain a number of restrictive covenants that impose operating and financial restrictions on us. These restrictions may limit our ability to engage in acts that may be in our long-term best interest, compete effectively or take advantage of opportunities, and may affect our ability to grow in accordance with our strategy.

The restrictive covenants under the Senior Secured Credit Facilities include restrictions on our ability to:

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

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

A future increase in interest rates may increase our borrowing costs. We rely on available borrowings under the Revolving Credit Facility for liquidity.

Borrowings under the Senior Secured Credit Facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase in the future, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed has remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Based on amounts outstanding as of December 28, 2024, each 100 basis point change in interest rates would result in a \$3.2 million change in annual interest expense on our indebtedness under the Senior Secured Credit Facilities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk.” We may enter into interest rate swaps that hedge against changes in interest rates under the Senior Secured Credit Facilities. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps or other instruments we enter into may not fully mitigate our interest rate risk.

In addition to cash we generate from our business, our principal existing source of liquidity is borrowings available under the Revolving Credit Facility. As of December 28, 2024, there were no advances on the Revolving Credit facility, there were \$1.2 million of letters of credit outstanding and \$123.8 million was available to borrow. The inability to borrow under the Revolving Credit Facility may adversely affect our liquidity, financial position and results of operations.

Risks Relating to Ownership of Our Common Stock

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

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

- actual or anticipated fluctuations in our revenues or other operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors;
- limited “public float” (due in part to our status as a controlled company) in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- additional shares of common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales, including if existing stockholders sell shares into the market;
- announcements by us or our competitors of significant products or features, innovations, acquisitions, strategic partnerships, joint ventures, capital commitments, divestitures or other dispositions;
- loss of relationships with significant suppliers or customers;
- changes in operating performance and stock market valuations of companies in our industry, including our competitors;
- difficulties in integrating any new acquisitions we may make;
- loss of services from members of management or employees or difficulty in recruiting additional employees;
- worsening of economic conditions in the U.S. or Canada and reduction in demand for our products;
- price and volume fluctuations in the overall stock market, including as a result of general economic trends;
- the existence of the share repurchase program and any repurchases made or not made under such program, or the modification, suspension or termination of the program;

- lawsuits threatened or filed against us, or events that negatively impact our reputation; and
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies.

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

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

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

In addition, we announced on November 9, 2023 the authorization of a share repurchase program of up to \$50.0 million of the Company's common stock. Under the program, Savers may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. As of December 28, 2024, we had \$18.1 million remaining under the share repurchase program. The program is currently set to expire on November 8, 2025. Although our Board of Directors has authorized the share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. In addition, the share repurchase program may be suspended, modified, or terminated at any time without prior notice, which may result in a decrease in the price of our common stock. The amount, timing, and execution of our share repurchase program will be based upon a variety of factors, including the share price of our common stock, general market conditions, alternative uses for capital, our financial performance, and other considerations. Any repurchases will be funded by available cash and cash equivalents. Even if the share repurchase program is fully implemented, it may not enhance long-term stockholder value, and the program could affect the price of our common stock, increase volatility, further limit our "public float" and diminish our cash reserves.

Future issuances or sales of our common stock could cause our stock price to decline, result in significant dilution to our stockholders or dilute the voting power of our common stock.

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

In addition, the Ares Funds, a term we use to describe certain funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares Management Corporation (who own a majority of our common stock), have demand and "piggy-back" registration rights with respect to our common stock, which give them the right to require us to file registration statements for public resale of their common stock or to include such shares in registration statements that we may file for us or other stockholders. If the Ares Funds or other stockholders, including employees, who have or obtain equity, sell or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline.

Risks Relating to Our Organizational Structure

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

We are a holding company that does not conduct any business operations of our own. As a result, we are dependent upon cash distributions and other transfers from our subsidiaries to meet our obligations. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could impair their ability to make distributions to us.

The Ares Funds continue to control our Company, including having the right to designate nominees for election to our board of directors, and may have interests that conflict with our interests and those of other stockholders.

The Ares Funds beneficially owned 84.6% of our common stock as of December 28, 2024. Pursuant to the Stockholders Agreement between the Ares Funds and the Company, dated as of July 3, 2023 (the "Stockholders Agreement"), for so long as the Ares Funds hold 5% or more of our outstanding common stock, they have the right to designate a certain number of individuals to be included in the slate of nominees for election to our board of directors and to designate a member of each committee of the board of directors. Further, for so long as the Ares Funds own 40% or more of our outstanding common stock, the Ares Funds can designate at least a majority of our board of directors. Additionally, because our board of directors is divided into three staggered classes, the Ares Funds may be able to influence or control our affairs and policies for a period of time after such rights expire, while their nominees finish their terms as members of our board.

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

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

The interests of the Ares Funds could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by the Ares Funds could delay, defer or prevent a change in control of our company or impede a merger, takeover or other business combination which may otherwise be favorable for us. Additionally, the Ares Funds are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor.

For so long as the Ares Funds continue to own 40% or more of our common stock, the Ares Funds will have the power to elect a majority of our directors and will have effective control over the outcome of votes on all matters requiring approval by our board of directors or our stockholders regardless of whether other stockholders believe such matter is in our best interests. Even if such amount is less than 40%, the Ares Funds will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions.

Our status as a “Controlled Company” within the meaning of the NYSE rules exempts us from certain corporate governance requirements.

As a result of the Ares Funds’ control of a majority of the voting power of our outstanding voting stock, we are a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a controlled company may elect not to comply with certain corporate governance requirements, including the requirements that:

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

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

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

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

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

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

Any provision of our certificate of incorporation, our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of common stock and could also affect the price that some investors are willing to pay for our common stock. The impact of these provisions may be intensified by other obligations, such as those found in our Stockholders Agreement, as discussed elsewhere in these risk factors.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

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

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

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

The exclusive-forum provisions also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the U.S. will be the exclusive forum for any complaint asserting a cause of action arising under the Securities Act. However, this provision is subject to final adjudication regarding its enforceability, the outcome of which is substantially uncertainty. For example, the Court of Chancery of the State of Delaware has determined that a provision stating that federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. This decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If a court were to find any of the exclusive-forum provisions in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

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

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

Under our certificate of incorporation, neither the Ares Funds nor any of their affiliates or their respective portfolio companies or affiliated funds, nor any of their respective officers, directors, employees, agents, stockholders, members or partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, employee, agent, stockholder, member, partner or affiliate of the Ares Funds or their affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs, or communicates information regarding, a corporate opportunity to the Ares Funds or their affiliates, instead of to us. For example, a director of our company who also serves as an officer, director, employee, agent, stockholder, member, partner or affiliate of the Ares Funds or their affiliates, or any of their respective portfolio companies or affiliated or managed funds, investment vehicles or accounts, may pursue the acquisition of a business that our company would also have been interested in purchasing. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if attractive corporate opportunities are allocated by an Ares Fund to itself or to the Ares Funds' affiliates or their respective portfolio companies or affiliated or managed funds, investment vehicles or accounts instead of to us.

General Risks

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

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

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

In addition, developments in labor regulations could also harm our business. Increasingly common regulatory and legal restrictions on the enforceability or terms of employee non-solicitation, confidentiality, non-competition and similar restrictive covenant clauses may disrupt our process for attracting and retaining qualified employees.

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of the NYSE and other applicable securities rules and regulations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to continue investing substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

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

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

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity Risk Management, Strategy and Governance

Risk Management Strategy

Savers is committed to maintaining a cybersecurity risk management strategy that encompasses assessments, monitoring, and proactive measures to safeguard our assets and operations. Our approach involves a combination of internal and external risk assessments, monitoring, vulnerability scanning and remediation, external penetration testing and disaster recovery planning.

On an annual basis, we conduct internal and external risk assessments to identify, evaluate, and prioritize potential risks to our business operations, data, and information systems. These assessments utilize industry-standard methodologies and frameworks to evaluate emerging threats and vulnerabilities. Specifically, we align our efforts with the National Institute of Standards and Technology framework, the Center for Internet Security (CIS) Controls 8.0 version and the Payment Card Industry Data Security Standard (PCI DSS) framework. Identified risks are categorized and assessed for potential impact, allowing us to implement targeted mitigation strategies.

Continuous monitoring is a fundamental component of our risk management strategy. We employ appropriate technologies and tools to monitor our network, systems, and applications. This proactive approach supports our efforts to detect and respond to anomalies, potential threats, and emerging vulnerabilities. Our dedicated cybersecurity team conducts regular reviews of security logs and alerts, facilitating a swift and effective response to any deviations from established security baselines. We have also implemented a comprehensive third-party risk management program that includes a review of the third-party's SOC I and II reports and their Service Level Agreements to ensure their security practices align with our standards.

We employ regular vulnerability scanning processes to identify weaknesses and potential points of exploitation within our infrastructure. Following the identification of vulnerabilities, a systematic remediation process is initiated. Our activities to mitigate vulnerabilities on an ongoing basis include the application of patches and updates, and the implementation of compensating controls to address and mitigate the identified vulnerabilities. Our goal is to maintain a proactive stance in eliminating potential entry points for cyber threats.

As part of our commitment to maintaining a robust security posture, we engage in annual external penetration testing conducted by reputable third-party security firms. These tests simulate real-world cyber-attacks to evaluate the effectiveness of our defenses and identify areas for improvement. The insights gained from penetration testing inform our ongoing security enhancements, aiding the resiliency of our systems against evolving cyber threats.

We also have deployed a Disaster Recovery as a Service solution (DRaaS) that will enhance our ability to recover and restore data in the event of a cybersecurity incident or other event, such as a natural disaster. Our systems and data are categorized into tiers, with our most critical systems covered by appropriate backup approaches and rapid recovery tools/processes matched with their criticality.

Cybersecurity Risks

In 2020, we suffered a ransomware incident associated with a well-known threat actor. While personnel time and attendance data was encrypted and unrecoverable, no evidence of unauthorized access of personal or business-related information was found, and our IT Security team immediately blocked the point of entry. Post-incident, Savers undertook a comprehensive review, identifying areas of vulnerability. Controls were systematically implemented, including appropriate backup approaches and regular testing of their effectiveness, proactive security monitoring tools and processes, and the expansion of our cybersecurity team and activities. Our continued ransomware mitigation strategies focus on resiliency, rapid recovery, and automated isolation of potentially affected assets.

Other than the 2020 incident discussed above, we have no reason to believe any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. For additional information, see “ Risks Relating to Information Technology, Intellectual Property, Data Security and Privacy ,” in Item 1A, “Risk Factors” in this Annual Report.

Governance

Our Board, directly and through the Audit Committee, provides oversight of our operational risk management process and compliance with legal and regulatory requirements. As one of its responsibilities, the Audit Committee has the responsibility to review and discuss with management and the internal audit group all major financial risk exposures and management's risk assessment and risk management policies. Further, the Audit Committee has specific oversight of risks related to data privacy and information security, including compliance with applicable laws and management's response to material cybersecurity and privacy incidents or breaches. As part of its responsibilities, the Audit Committee periodically reviews with management the Company's capabilities, policies, controls, methods and procedures related to (i) identifying, assessing and mitigating information and cybersecurity risks, (ii) disaster recovery and business continuity and (iii) compliance with data privacy and information security laws.

Regularly scheduled Audit Committee meetings include an information technology and cybersecurity update as a standing agenda item. These updates are typically given by our Chief Information Officer (CIO) and can include additional team members from our information technology and security team. In addition, the Audit Committee also receives periodic updates from our Enterprise Risk Committee, a management committee which provides oversight to the anticipation, identification, prioritization, and management of the Company's material risks. The Audit Committee regularly reports to the Board on its oversight of these topics. In addition, both the Audit Committee and the Board receive special presentations about risk areas as needed. The Company also maintains a Crisis Response Plan, which may be activated in the event of certain cybersecurity incidents. Our Crisis Response Plan includes specific procedures and considerations for cybersecurity and ransomware incidents, including involvement of our executive team and outside advisors and required reporting to the Audit Committee and Board. Typically, our Chief Compliance Officer (CCO) would lead management of a crisis incident.

Our CIO has primary responsibility for assessing and managing cybersecurity risks. The CIO reports directly to the CEO and is a member of the Enterprise Risk Committee. Our current CIO is an experienced senior technology executive with over 30 years of IT experience, including several CIO roles in leading retail and direct marketing organizations. Our CCO, who is also our General Counsel, is responsible for maintaining our Crisis Response Plan. The CCO reports directly to the CEO , is a member of the Enterprise Risk Committee and also oversees the Company's risk department. Our CCO has navigated the Company through multiple complex situations and also led the Company's response in its 2020 ransomware attack discussed above.

Item 2. Properties

All properties, including retail stores, offsite processing facilities, wholesale warehouses, logistics warehouses and corporate offices, are occupied under operating leases. In addition to retail stores, at December 28, 2024, the Company had:

- Offsite processing facilities supplying more than one location comprised of six Centralized Processing Centers, three of which serve U.S. Retail (one of which is not yet in full operation) and three of which serve Canada Retail, and eight warehouses, two of which serve U.S. Retail (one of which began operations after December 28, 2024), four of which serve Canada Retail (one of which began operations after December 28, 2024) and two of which serve Australia Retail;
- Wholesale warehouses (two in the U.S. and one in Canada) used to process, package and distribute goods to our wholesale customers;
- Logistics warehouses (all serving U.S. Retail); and
- Corporate offices in Bellevue, WA and Meridian, ID.

The following table presents a split of the Company's total leased square feet by property type:

<i>(in thousands)</i>	Leased Square Feet
Retail stores	9,514
Offsite processing facilities	473
Wholesale warehouses	245
Logistics warehouses	230
Corporate offices	26
Total	10,488

As of December 28, 2024, our total consolidated selling square feet was 7.1 million. As of December 28, 2024, we operated 351 retail stores in the U.S., Canada and Australia. For more information regarding our (i) segments, see Note 11. Segments, and (ii) leases, see Note 2. Summary of Significant Accounting Policies and Note 9. Leases, of the Notes to Consolidated Financial Statements included in "Part II, Item 8. Financial Statements and Supplementary Data."

As of December 28, 2024, we had 172 U.S. retail stores located in 30 states, as set forth below:

Alaska	4	Massachusetts	14	Ohio	3
Arkansas	1	Maryland	12	Oregon	1
Arizona	7	Minnesota	10	Pennsylvania	5
California	18	Missouri	4	Rhode Island	4
Connecticut	4	North Dakota	1	South Dakota	1
Georgia	7	New Hampshire	4	Texas	3
Hawaii	2	New Jersey	5	Utah	8
Idaho	2	New Mexico	5	Virginia	5
Illinois	9	Nevada	6	Washington	15
Kansas	3	New York	8	Wisconsin	1

As of December 28, 2024, we operated 165 Canada retail stores located in 10 provinces, as set forth below:

Alberta	21
British Columbia	24
Manitoba	6
New Brunswick	3
Newfoundland	1
Nova Scotia	7
Ontario	76
Prince Edward Island	1
Quebec	21
Saskatchewan	5

As of December 28, 2024, we operated 14 retail stores in Australia, with 9 located in Victoria, 3 located in South Australia and 2 in New South Wales.

Item 3. Legal Proceedings

For information regarding our legal proceedings, see Note 16. Commitments and Contingencies in the accompanying consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

On June 29, 2023, our common stock began trading on the New York Stock Exchange under the ticker symbol "SVV." Prior to that date, there was no public trading market for our common stock. On February 10, 2025, the last reported sale price of our common stock on the NYSE was \$11.09 per share. The number of holders of record of common stock on February 10, 2025 was six.

Dividend Policy

On December 16, 2022, we paid a dividend of \$69.4 million to our equityholders using borrowings from our Revolving Credit Facility and cash on hand. We subsequently repaid all amounts borrowed in connection with this dividend. On February 6, 2023, we paid a dividend of \$262.2 million to our equityholders using the proceeds from the offering of the Senior Secured Notes. Such dividends were paid to our equityholders as a means to provide our equityholders with a return on their investment. No executive officers or directors received dividend payments. Certain of our employees and directors who held equity interests who were not eligible to receive dividend payments received bonus payments in connection with the dividend payments in December 2022 and February 2023.

We do not anticipate paying any cash dividends for the foreseeable future. Instead, we anticipate that all of our cash for the foreseeable future will be used to repay debt, for working capital, to support our operations and to finance the growth and development of our business. We may also use cash on our balance sheet, cash generated from operations or proceeds from new borrowings, or any combination of these sources of liquidity and capital, to either pay for acquisitions or to conduct repurchases of our common stock under our share repurchase program, or both. Any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our current and future debt instruments, our future earnings, capital requirements, financial condition, prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

The following table sets forth information concerning our purchases of common stock for the periods indicated (in thousands, except share and per share amounts):

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Publicly Announced Plans
September 29, 2024 to October 26, 2024	174,079	\$ 9.87	174,079	\$ 27,348
October 27, 2024 to November 23, 2024	400,002	9.29	400,002	23,631
November 24, 2024 to December 28, 2024	563,995	9.88	563,236	18,067
Total	1,138,076	9.67	1,137,317	

(a) Total number of shares purchased includes 759 shares of restricted stock repurchased in connection with employee tax withholding obligations under employee compensation plans, which are not purchases under any publicly announced plan.

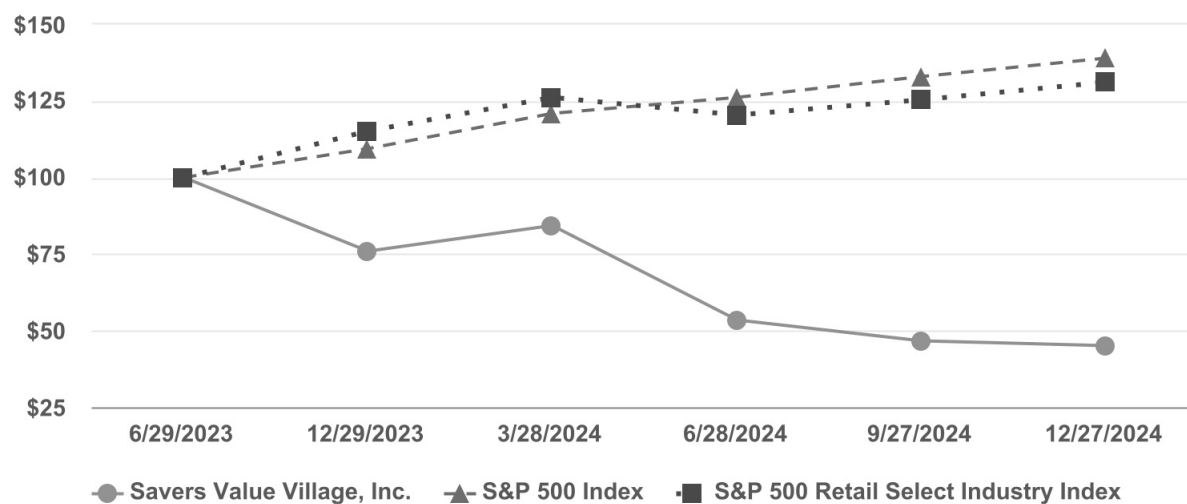
(b) On November 9, 2023, the Company announced the authorization of a share repurchase program of up to \$50.0 million of the Company's common stock. Under the program, Savers may purchase shares from time to time in compliance with applicable securities laws, that may include Securities Act Rule 10b-18. The program is currently set to expire on November 8, 2025. There was \$18.1 million remaining under the share repurchase program as of December 28, 2024.

Stock Performance Graph

The information contained in the following chart is not considered to be "soliciting material," or "filed," or incorporated by reference in any past or future filing by the Company under the Securities Act or Exchange Act unless and only to the extent that, the Company specifically incorporates it by reference.

The graph below compares the cumulative total return on our common stock (SVV) with the cumulative total return on the S&P 500 Index and the S&P 500 Retail Select Industry Index, assuming an initial investment of \$100 at the market close on June 29, 2023, the date our stock commenced trading on the New York Stock Exchange. Data for the S&P 500 Index and the S&P 500 Retail Select Industry Index assume reinvestment of dividends. The comparisons in the following graph are required by the SEC and are not intended to be a forecast or to be indicative of future common stock performance.

Comparison of Cumulative Total Return
Among Savers Value Village, Inc., the S&P 500 Index, and the S&P 500 Retail Select Industry Index



	6/29/2023	12/29/2023	3/28/2024	6/28/2024	9/27/2024	12/27/2024
Savers Value Village, Inc.	\$ 100	\$ 76	\$ 84	\$ 53	\$ 47	\$ 45
S&P 500 Index	100	109	121	126	133	139
S&P 500 Retail Select Industry Index	100	115	126	120	125	131

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of the financial condition and results of operations of Savers Value Village, Inc. in conjunction with our audited consolidated financial statements and related notes and other financial information included in this Annual Report. This section of this Annual Report generally discusses fiscal year 2024 and 2023 items and year-to-year comparisons between fiscal years 2024 and 2023. Discussions of fiscal year 2022 items and year-to-year comparisons between fiscal years 2023 and 2022 are not included in this Annual Report on Form 10-K and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 30, 2023, which was filed with the SEC on March 8, 2024.

Unless the context otherwise requires, all references in this section to "Savers Value Village", "the Company", "we", "us" or "our" refer to the business of Savers Value Village, Inc. and its predecessor entities.

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

Overview

We are the largest for-profit thrift operator in the United States ("U.S.") and Canada based on number of stores and operate a total of 351 stores under the Savers®, Value Village®, Value Village Boutique™, Village des Valeurs™, Unique® and 2nd Ave.® banners. We are committed to redefining secondhand shopping by providing one-of-a-kind, low-priced merchandise ranging from quality clothing to home goods in an exciting treasure-hunt shopping environment. We purchase secondhand textiles (e.g., clothing, bedding and bath items), shoes, accessories, housewares, books and other goods from our non-profit partners ("NPPs"). We then process, select, price, merchandise and sell these items in our stores. Items that are unsuited for or unsold at retail stores are marketed to wholesale customers who reuse or repurpose the items they purchase from us. We believe our hyper-local and socially responsible procurement model, industry-leading and innovative operations, differentiated value proposition and deep relationships with our customers distinguish us from other secondhand and value-based retailers. Our business model is rooted in ESG principles, with a mission to positively impact our stakeholders: thrifters, NPPs and their donors, our team members and our stockholders. As a leader and pioneer of the for-profit thrift category, we seek to positively impact the environment by reducing waste and extending the life of reusable goods. The vast majority of the clothing and textiles we source is sold to our retail or wholesale customers.

We offer a dynamic, ever-changing selection of items, with an average unit retail ("AUR") price of approximately \$5. Our most engaged customers are members of our Super Savers Club® loyalty program. As of December 28, 2024, we had 5.9 million total active members enrolled in our U.S. and Canadian loyalty programs who have shopped with us during fiscal year 2024, compared to 5.3 million total active members as of December 30, 2023. Active members drove 72.4% of retail sales during fiscal year 2024, compared to 70.3% during fiscal year 2023.

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

Our strategy is to locally source our merchandise by purchasing secondhand items donated to our NPPs, which provides them with revenue to support their community-focused missions. This also aids in creating a broad and diverse selection for our customers, fosters a sense of community, and reduces transportation costs and emissions typically associated with the production and distribution of new merchandise. While purchases made by our customers in our stores do not directly benefit any NPP, we pay a market-competitive contractual rate to purchase donated items.

We source our merchandise primarily through three distinct and strategic procurement models: (i) on-site donations (“OSDs”), (ii) GreenDrop locations and (iii) delivered supply. Increasing the proportion of OSDs and GreenDrop as a percentage of total supply is desirable as donations from these sources are usually of higher quality and collectively have a lower cost than product sourced through other channels. OSDs and GreenDrop are collectively the largest part of our supply mix, accounting for 76.3% of our total pounds processed for fiscal year 2024, compared to 73.6% for fiscal year 2023.

- **OSDs:** Donations of items by individuals to our NPPs, made at Community Donation Centers (“CDCs”) located at our stores. We operate as a registered professional fundraiser where required, accepting donations on behalf of our NPPs. Each store is specifically designated as an OSD location for a particular NPP, such that all donations received at the CDC are credited to that NPP.
- **GreenDrop locations:** Attended donation stations that collect donations of items made by individuals to our NPPs at convenient and well-signed brick and mortar and trailer locations in neighborhoods surrounding a store. On behalf of our NPPs, we solicit, collect, and deliver items from our GreenDrop locations to our stores and Centralized Processing Centers (“CPCs”).
- **Delivered supply:** Delivered supply comprises donations delivered either to our CPCs or our stores, or both. These donations can be collected by our NPPs through a variety of methods such as neighborhood collections or donation drives, or we may solicit, collect and deliver the items on behalf of our NPPs.

We leverage an analytical platform to measure the sales yield and product margin of each stream of supply in our stores. In general, this tool is either used to periodically confirm the performance of an existing stream of supply or to evaluate the performance of a new source of supply.

Our business model is predicated on sourcing and selling quality secondhand items to our customers in local communities. We are able to meet customer demand given our deep relationships with an extensive network of NPPs that is unmatched in the thrift industry.

The majority of our retail stores have a dedicated space that handles the processing of soft and hard goods that provide the inventory to be sold on our retail sales floors. In fiscal year 2024, we processed 1.0 billion pounds of secondhand goods, compared to 984 million in fiscal year 2023. We are actively implementing our offsite processing strategy which allows us to process goods at larger-scale facilities and distribute goods to multiple stores in a local market. The processing of donations under this strategy can occur at offsite warehouse facilities, stores with surplus processing capacity or at CPCs.

Our store experience directly reflects our mission to make secondhand second nature. We deliver a well merchandised environment that maximizes customer engagement and supports a core tenet for any thrifter—the treasure hunt. Our stores offer a wide selection of quality items across clothing, home goods, books and other items at convenient locations. Our sales floor inventory is also regularly rotated and refreshed, providing our customers with an extensive, ever-changing selection at tremendous value.

In support of our efforts to extend the life of reusable goods and recover a portion of the cost of acquiring our supply of secondhand items, we sell the majority of textile items that are unsuited for or unsold at retail stores to our wholesale customers (predominantly comprised of textile graders and small business owners) who supply local communities across the globe with gently used, affordable items like clothing, housewares, toys and shoes. Textiles not suitable for reuse as secondhand clothing can be repurposed into other textile items (e.g., wiping rags) and post-consumer fibers (e.g., insulation, carpet padding), further reducing waste.

Recent Developments

Macroeconomic Conditions in Canada

The macroeconomic environment in Canada remains challenging, with elevated levels of unemployment and a high cost of living that is especially hard on low-income consumers. In periods of perceived or actual unfavorable economic conditions, consumers may reallocate their discretionary spending, which may adversely impact demand for the Company’ products and our profitability.

In response to the macroeconomic pressures in Canada, we have been actively testing different approaches to improve our Canadian business, particularly in the areas of selection and pricing, to drive foot traffic, increase conversion and improve our overall value perception among consumers.

Share Repurchases

During fiscal year 2024, under our \$50.0 million share repurchase program announced in November 2023, we repurchased 3.2 million shares at a weighted average price of \$9.95 and a total cost of \$31.9 million. As of December 28, 2024, the Company had \$18.1 million remaining under the share repurchase program.

Derivative Financial Instruments

In April 2024, we terminated our interest rate swaps and cross currency swaps realizing net proceeds of \$38.4 million.

2 Peaches Acquisition

On May 6, 2024, the Company acquired all of the equity of 2 Peaches Group, LLC ("2 Peaches") for \$5.4 million, which is comprised of cash consideration of \$3.5 million, including a holdback of \$0.5 million, and acquisition-related contingent consideration with an initial fair value of \$1.9 million (the "2 Peaches Acquisition"). 2 Peaches is a thrift store chain with seven locations in the Atlanta, Georgia, metropolitan area. The acquired stores are the Company's first locations in the state of Georgia and will serve as a base for the Company's entrance and expansion into the southeast region of the U.S. Goodwill arising from the acquisition amounted to less than \$0.1 million.

Revolver Upsizing

On June 27, 2024, the Company entered into a fourth amendment to its Senior Secured Credit Facilities that, among other things, increased the maximum amount available under the Revolving Credit Facility by \$50.0 million to \$125.0 million, and extended the maturity date of the Revolving Credit Facility from April 26, 2026 to April 26, 2027.

Partial Redemption of Senior Secured Notes

On February 6, 2025, the Company redeemed \$44.5 million aggregate principal amount of Senior Secured Notes and paid accrued interest and a premium on the partial redemption. Subsequent to the partial redemption, the Company had total borrowings of \$716.8 million outstanding.

Key Performance Indicators

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

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

	Fiscal Year	
	2024	2023
Comparable Store Sales ⁽¹⁾		
U.S.	2.7 %	4.4 %
Canada	(4.0) %	5.0 %
Total ⁽²⁾	(0.1) %	4.7 %
Number of Stores		
U.S.	172	155
Canada	165	159
Total ⁽²⁾	351	326
Other Metrics		
Pounds processed (lbs mm)	1,012	984
Sales yield ⁽³⁾	\$ 1.46	\$ 1.48
Cost of merchandise sold per pound processed	\$ 0.66	\$ 0.63

- (1) Comparable store sales is the percentage change in comparable store sales over the comparable period in the prior fiscal year. Through fiscal year 2024, we define comparable store sales to be sales by stores that have been in operation for all or a portion of two consecutive fiscal years, or, in other words, stores that are starting their third fiscal year of operation. Comparable store sales excludes stores acquired in the 2 Peaches Acquisition. For fiscal year 2023, comparable store sales excludes stores acquired in the acquisition of 2nd Ave. because those stores were not yet fully integrated during the prior year comparative period. Comparable store sales is measured in local currency for Canada, while total comparable store sales is measured on a constant-currency basis.
- (2) Total comparable store sales and the total number of stores include our Australia retail locations, in addition to the U.S. and Canada.
- (3) We define sales yield as retail sales generated per pound processed on a currency neutral and comparable store basis.

Comparable store sales

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

During fiscal year 2024, our comparable store sales were relatively flat. During fiscal year 2023, our comparable store sales increased 4.7%, primarily reflecting growth in transaction volume.

The Company currently defines comparable store sales to be sales by stores that have been in operation for all or a portion of two consecutive fiscal years, or, in other words, stores that are starting their third fiscal year of operation. Beginning with the first quarter of fiscal year 2025, the Company will define comparable store sales to be sales by stores that have been in operation for all or a portion of 14 months to more closely conform with common retail practice. The impact of this change to previously reported comparable store sales is de minimis and amounts for prior periods will not be recast.

Number of stores

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

Our number of open stores increased to 351 stores as of December 28, 2024, from 326 stores as of December 30, 2023. The increase in stores resulted from the opening of ten net new stores in the U.S., six net new stores in Canada and two new stores in Australia, as well as the addition of seven stores through the 2 Peaches acquisition.

Pounds processed

We define pounds processed as the total number of pounds of goods processed during the period, excluding furniture and other large items. We process inventory by receiving goods directly from our NPPs or through OSDs and GreenDrop, sorting them, and placing them on the sales floor. This metric is an indicator of the amount of secondhand goods processed during the period and is typically a key driver of top-line sales growth. We believe investors can use this metric to assist in their evaluation of our sales growth and sales yield.

During fiscal years 2024 and 2023, we processed 1.0 billion and 984 million pounds of supply, respectively, of which 76.3% and 73.6% was comprised of supply from OSDs and GreenDrop, respectively.

Sales yield

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

Our sales yield for fiscal year 2024 was \$1.46, compared to \$1.48 for fiscal year 2023. The 1.4% decline in sales yield primarily reflects a decrease in items sold per pound processed, partially offset by items sold at higher price points.

Cost of merchandise sold per pound processed

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

Cost of merchandise sold per pound processed during fiscal years 2024 and 2023 was \$0.66 and \$0.63, respectively.

Results of Operations

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

(in thousands)	Fiscal Year			
	2024		2023	
	Amount	% of Sales	Amount	% of Sales
Net sales	\$ 1,537,617	100.0%	\$ 1,500,249	100.0%
Operating expenses:				
Cost of merchandise sold, exclusive of depreciation and amortization	669,744	43.6	619,671	41.3
Salaries, wages and benefits	331,023	21.5	366,189	24.4
Selling, general and administrative	337,131	21.9	311,388	20.8
Depreciation and amortization	69,530	4.5	61,144	4.0
Total operating expenses	1,407,428	91.5	1,358,392	90.5
Operating income	130,189	8.5	141,857	9.5
Other (expense) income:				
Interest expense, net	(62,444)	(4.1)	(88,500)	(5.9)
(Loss) gain on foreign currency, net	(14,294)	(0.9)	6,660	0.4
Other income, net	71	—	3,688	0.2
Loss on extinguishment of debt	(4,088)	(0.3)	(16,626)	(1.1)
Other expense, net	(80,755)	(5.3)	(94,778)	(6.4)
Income before income taxes	49,434	3.2	47,079	3.1
Income tax expense (benefit)	20,404	1.3	(6,036)	(0.4)
Net income	\$ 29,030	1.9%	\$ 53,115	3.5%

Comparison of fiscal year 2024 and fiscal year 2023

Net sales

The following table presents net sales:

(in thousands)	Fiscal Year			
	2024	2023	\$ Change	% Change
Retail sales	\$ 1,463,404	\$ 1,427,024	\$ 36,380	2.5 %
Wholesale sales	74,213	73,225	988	1.3 %
Total net sales	\$ 1,537,617	\$ 1,500,249	\$ 37,368	2.5 %

Retail sales increased by \$36.4 million, or 2.5%, during fiscal year 2024, compared to fiscal year 2023. The increase in retail sales resulted primarily from growth in our store base, partially offset by the unfavorable impact of foreign currency exchange rates.

Cost of merchandise sold, exclusive of depreciation and amortization

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

(in thousands)	Fiscal Year		\$ Change	% Change
	2024	2023		
Cost of merchandise sold, exclusive of depreciation and amortization	\$ 669,744	\$ 619,671	\$ 50,073	8.1 %

Cost of merchandise sold increased 230 basis points to 43.6% of net sales during fiscal year 2024, compared to 41.3% during fiscal year 2023. The 230 basis point increase primarily reflects deleverage of cost of merchandise sold as a percentage of net sales on comparable store sales, as well as the impact of new stores and new offsite processing facilities.

Personnel costs classified within cost of merchandise sold were \$393.1 million during fiscal year 2024, compared to \$378.6 million during fiscal year 2023. As a percentage of net sales, personnel costs classified within cost of merchandise sold was 25.6% during fiscal year 2024, compared to 25.2% during fiscal year 2023. The \$14.5 million increase in personnel costs resulted primarily from growth in our store base, the opening of new offsite processing facilities and higher wages.

Beginning in the second quarter of fiscal year 2024, we have updated the way we define personnel costs classified within cost of merchandise sold and have recast the prior period accordingly. This update had no impact on the total cost of merchandise sold. Specifically, we have updated personnel costs classified within cost of merchandise sold to include offsite processing production labor due to the continued growth of offsite processing. Historically, these costs were included in other costs classified within cost of merchandise sold.

Salaries, wages and benefits

The following table presents salaries, wages and benefits:

(in thousands)	Fiscal Year		\$ Change	% Change
	2024	2023		
Retail and wholesale	\$ 201,441	\$ 193,930	\$ 7,511	3.9 %
Corporate	129,582	172,259	(42,677)	(24.8) %
Total salaries, wages and benefits	\$ 331,023	\$ 366,189	\$ (35,166)	(9.6) %

Personnel costs for our retail and wholesale operations increased by \$7.5 million, or 3.9%, during fiscal year 2024, compared to fiscal year 2023. The increase primarily reflects growth in our store base and higher wages, partially offset by a reduction to annual incentive plan expense.

Personnel costs for our corporate employees decreased by \$42.7 million, or 24.8% , during fiscal year 2024, compared to fiscal year 2023. Adjusting for the \$24.1 million special one-time bonus and related taxes incurred during fiscal year 2023 in relation to the issuance of our Senior Secured Notes and a \$14.1 million decrease in IPO-related stock-based compensation expense, personnel costs for our corporate employees decreased \$4.5 million primarily reflecting a reduction to annual incentive plan expense, partially offset by higher wages and non-IPO-related stock-based compensation expense.

Selling, general and administrative

The following table presents selling, general and administrative ("SG&A"):

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
Retail and wholesale	\$ 278,004	\$ 259,031	\$ 18,973	7.3 %
Corporate	59,127	52,357	6,770	12.9 %
Total selling, general and administrative	\$ 337,131	\$ 311,388	\$ 25,743	8.3 %

SG&A for our retail and wholesale operations increased by \$19.0 million, or 7.3%, during fiscal year 2024, compared to fiscal year 2023. The increase resulted primarily from growth in our store base which drove an increase in rent and utilities and store pre-opening expenses. In addition, we incurred elevated security costs which were offset by reduced expenditures on repairs and maintenance.

Corporate SG&A increased by \$6.8 million, or 12.9%, during fiscal year 2024, compared to fiscal year 2023. The increase primarily reflects an increase in information technology expenses and an impairment charge on our long-lived assets, partially offset by reduced expenditures on professional services.

Depreciation and amortization

The following table presents depreciation and amortization:

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
Depreciation and amortization	\$ 69,530	\$ 61,144	\$ 8,386	13.7 %

The increase in depreciation and amortization resulted primarily from investments in new stores, offsite processing and information technology, as well as capital maintenance expenditures.

Interest expense, net

The following table presents interest expense, net:

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
Interest expense	\$ (67,810)	\$ (93,559)	\$ 25,749	(27.5) %
Amortization of debt issuance costs and debt discount	(5,611)	(6,051)	440	(7.3) %
Realized and unrealized gain on interest rate swaps	10,977	11,110	(133)	(1.2) %
Total interest expense, net	\$ (62,444)	\$ (88,500)	\$ 26,056	(29.4) %

The decrease in interest expense, net was primarily due to a lower weighted average face value of debt and to a lesser extent, a decrease in the weighted average interest rate. The weighted average face value of debt decreased 18.1% from \$944.3 million during fiscal year 2023 to \$773.8 million during fiscal year 2024 primarily due to the timing of debt repayments. Over the same period, the weighted average interest rate decreased 72 basis points from 10.18% to 9.46%. This decrease was primarily due to the execution of the Third Amendment to our Senior Secured Credit Facilities on January 30, 2024, which lowered the total margin on existing borrowings under the Term Loan Facility by 151 basis points.

(Loss) gain on foreign currency, net

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

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
(Loss) gain on foreign currency remeasurement	\$ (27,342)	\$ 9,803	\$ (37,145)	n/m
Gain (loss) on derivative instruments	13,048	(3,143)	16,191	n/m
Total (loss) gain on foreign currency, net	\$ (14,294)	\$ 6,660	\$ (20,954)	n/m

n/m - not meaningful

Gains and losses on foreign currency relate primarily to movements in the Canadian dollar ("CAD") relative to the U.S. dollar ("USD"). In fiscal year 2024, the USD strengthened against CAD resulting in remeasurement losses of \$27.3 million arising primarily on USD-denominated debt held by one of our Canadian subsidiaries, which was the primary driver of foreign currency remeasurement gains and losses in both fiscal year 2024 and fiscal year 2023. We also recorded gains of \$13.0 million in fiscal year 2024 on derivative instruments that we use to manage foreign currency exchange rate risk. The \$9.8 million gain on foreign currency remeasurement in fiscal year 2023 resulted primarily from USD weakening against CAD, partially offset by losses of \$3.1 million on derivative instruments that we use to manage foreign currency exchange rate risk.

Other income, net

The following table presents other income, net:

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
Other income, net	\$ 71	\$ 3,688	\$ (3,617)	(98.1)%

Other income, net is comprised primarily of miscellaneous income and expenses not directly related to our core operating activities.

Loss on extinguishment of debt

The following table presents loss on extinguishment of debt:

<i>(in thousands)</i>	Fiscal Year		\$ Change	% Change
	2024	2023		
Loss on extinguishment of debt	\$ (4,088)	\$ (16,626)	\$ 12,538	(75.4)%

In fiscal year 2024, loss on extinguishment of debt of \$4.1 million comprised of \$0.7 million associated with the repricing of outstanding borrowings under our Term Loan Facility and \$3.4 million associated with the redemption of \$49.5 million aggregate principal amount of Senior Secured Notes.

In fiscal year 2023, the Company used net proceeds from its IPO, net proceeds from issuing \$550.0 million aggregate principal amount of Senior Secured Notes and cash on hand to repay \$485.8 million in outstanding borrowings on its Term Loan Facility and \$55.0 million aggregate principal amount of its Senior Secured Notes, resulting in a loss on extinguishment of debt of \$16.6 million.

Income tax expense (benefit)

The following table presents income tax expense (benefit):

(in thousands)	Fiscal Year		\$ Change	% Change
	2024	2023		
Income tax expense (benefit)	\$ 20,404	\$ (6,036)	\$ 26,440	n/m

n/m - not meaningful

During fiscal year 2024, the Company recorded income tax expense of \$20.4 million on income before income taxes of \$49.4 million, resulting in an effective tax rate of 41.3%. During fiscal year 2023, the Company recorded an income tax benefit of \$6.0 million on income before income taxes of \$47.1 million, resulting in an effective tax rate of (12.8)%. The increase in our effective tax rate resulted primarily from the internal legal entity restructuring that occurred during fiscal year 2023 as discussed in Note 15. Income Taxes, and an increase to the valuation allowance.

Segment results

The following table presents net sales and profit by segment:

(in thousands)	Fiscal Year		\$ Change	% Change
	2024	2023		
Net sales:				
U.S. Retail	\$ 832,581	\$ 780,126	\$ 52,455	6.7 %
Canada Retail	586,971	605,630	(18,659)	(3.1)%
Total segment sales	\$ 1,419,552	\$ 1,385,756	\$ 33,796	2.4 %
Segment profit:				
U.S. Retail	\$ 187,233	\$ 198,146	\$ (10,913)	(5.5)%
Canada Retail	\$ 165,136	\$ 189,899	\$ (24,763)	(13.0)%

U.S. Retail

U.S. Retail sales increased by \$52.5 million, or 6.7%, during fiscal year 2024, compared to fiscal year 2023. The increase in U.S. Retail sales resulted from growth in our store base, as well as a 2.7% increase in comparable store sales. The increase in comparable store sales was driven by higher transactions and average basket.

U.S. Retail segment profit decreased by \$10.9 million, or 5.5%, during fiscal year 2024, compared to fiscal year 2023. The decrease in U.S. Retail segment profit primarily reflects the impact of new stores, including store pre-opening expenses, and the impact of new offsite processing facilities.

Canada Retail

Canada Retail sales decreased by \$18.7 million, or 3.1%, during fiscal year 2024, compared to fiscal year 2023. The decrease in Canada Retail sales resulted from a 4.0% decrease in comparable store sales and the unfavorable impact of foreign currency exchange rates, partially offset by growth in our store base. The decline in comparable store sales was primarily driven by a decrease in transactions.

Canada Retail segment profit decreased by \$24.8 million, or 13.0%, during fiscal year 2024, compared to fiscal year 2023. The decrease in Canada Retail segment profit primarily reflects deleverage of expenses as a percentage of net sales on comparable store sales.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with GAAP. We also present the following non-GAAP financial measures: Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and Constant-currency net sales. In the discussion that follows, we provide definitions and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP. We have provided this non-GAAP financial information, which is not calculated or presented in accordance with GAAP, as information supplemental to, and in addition to, the financial measures presented in this Annual Report that are calculated and presented in accordance with GAAP. These non-GAAP financial measures should not be considered superior to, as a substitute for, or an alternative to, and should be considered in conjunction with, the GAAP financial measures presented elsewhere in this Annual Report. These non-GAAP financial measures may differ from, and therefore may not be directly comparable to, similarly-titled measures used by other companies.

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

Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. We have included these non-GAAP financial measures as these are key measures used by our management and our board of directors to evaluate our operating performance and the effectiveness of our business strategies, make budgeting decisions, and evaluate compensation decisions. The Company presents Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin because it considers these meaningful measures to share with investors as they best allow comparison of the performance of one period with that of another period. In addition, by presenting Adjusted net income, Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin, the Company provides investors with management's perspective of the Company's operating performance.

Adjusted net income through fiscal year 2024 is defined as net income excluding the impact of loss on extinguishment of debt, IPO-related stock-based compensation expense, transaction costs, dividend-related bonus, loss (gain) on foreign currency, net, executive transition costs, certain other adjustments, the tax effect on the above adjustments, excess tax benefit from stock-based compensation and non-recurring tax benefit. Tax effect on adjustments as defined through fiscal year 2024 is calculated based on the overall effective tax rate for the respective years. We define Adjusted net income per diluted share as Adjusted net income divided by diluted weighted average common shares outstanding.

Adjusted EBITDA through fiscal year 2024 is defined as net income excluding the impact of interest expense, net, income tax expense (benefit), depreciation and amortization, loss on extinguishment of debt, stock-based compensation expense, non-cash occupancy-related costs, lease intangible asset expense, pre-opening expenses, store closing expenses, executive transition costs, transaction costs, dividend-related bonuses, loss (gain) on foreign currency, net, and certain other adjustments. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales, expressed as a percentage.

Beginning in fiscal year 2025, the Company is adjusting its approach for calculating the tax effect on adjustments within its Adjusted net income and Adjusted net income per diluted share metrics. Through fiscal year 2024, the Company applied the overall effective tax rate for the year to the respective adjustments in determining Adjusted net income and Adjusted net income per diluted share. Effective fiscal year 2025, the Company will utilize the tax rate specifically applicable to the respective adjustments. Details of these changes and a reconciliation of the definitions prior to fiscal year 2025 to the go-forward definition is presented in the table and related footnotes below.

A reconciliation of GAAP net income and GAAP net income per diluted share to Adjusted net income and Adjusted net income per diluted share is presented in the table below:

	Fiscal Year	
	2024	2023
<i>(in thousands, except per share amounts)</i>		
Net income:		
Net income	\$ 29,030	\$ 53,115
Loss on extinguishment of debt ⁽¹⁾⁽²⁾	4,088	16,626
IPO-related stock-based compensation expense ⁽¹⁾⁽³⁾	54,981	69,108
Transaction costs ⁽¹⁾⁽⁴⁾	2,621	3,103
Dividend-related bonus ⁽¹⁾⁽⁵⁾	—	24,097
Loss (gain) on foreign currency, net ⁽¹⁾	14,294	(6,660)
Executive transition costs ⁽¹⁾⁽⁶⁾	689	—
Other adjustments ⁽¹⁾⁽⁷⁾	4,312	(3,260)
Tax effect on adjustments ⁽⁸⁾	(33,447)	(29,874)
Excess tax benefit from stock-based compensation	(2,321)	—
Non-recurring tax benefit ⁽⁹⁾	—	(31,340)
Adjusted net income, as defined through fiscal year 2024	74,247	94,915
Tax effect on adjustments ⁽⁸⁾	33,447	29,874
Tax effect on adjustments, as defined beginning fiscal year 2025 ⁽¹⁰⁾	(10,810)	(15,734)
Adjusted net income, as defined beginning fiscal year 2025	\$ 96,884	\$ 109,055
Net income per share, diluted:		
Net income per share, diluted	\$ 0.17	\$ 0.34
Loss on extinguishment of debt ⁽¹⁾⁽²⁾	0.02	0.11
IPO-related stock-based compensation expense ⁽¹⁾⁽³⁾	0.33	0.44
Transaction costs ⁽¹⁾⁽⁴⁾	0.02	0.02
Dividend-related bonus ⁽¹⁾⁽⁵⁾	—	0.15
Loss (gain) on foreign currency, net ⁽¹⁾	0.09	(0.04)
Executive transition costs ⁽¹⁾⁽⁶⁾	—	—
Other adjustments ⁽¹⁾⁽⁷⁾	0.03	(0.02)
Tax effect on adjustments ⁽⁸⁾	(0.20)	(0.19)
Excess tax benefit from stock-based compensation	(0.01)	—
Non-recurring tax benefit ⁽⁹⁾	—	(0.20)
Adjusted net income per share, diluted, as defined through fiscal year 2024*	0.45	0.61
Tax effect on adjustments ⁽⁸⁾	0.20	0.19
Tax effect on adjustments, as defined beginning fiscal year 2025 ⁽¹⁰⁾	(0.06)	(0.10)
Adjusted net income per share, diluted, as defined beginning fiscal year 2025*	\$ 0.58	\$ 0.70

*May not foot due to rounding

(1) Presented pre-tax.

- (2) Removes the effects of the loss on debt extinguishment in relation to the repricing of outstanding borrowings under the Term Loan Facility on January 30, 2024, the partial repayment of outstanding borrowings under the Term Loan Facility on July 5, 2023 and February 6, 2023, and the partial redemption of our Senior Secured Notes on March 4, 2024 and July 3, 2023.
- (3) Represents stock-based compensation expense for performance-based options triggered by completion of our IPO and expense related to restricted stock units issued in connection with the Company's IPO.
- (4) Transaction costs are comprised of non-capitalizable expenses related to offering costs, debt transactions and acquisitions.
- (5) Represents dividend-related bonus and related payroll taxes paid in conjunction with our February 2023 dividends.
- (6) Represents severance costs associated with executive leadership changes and retention costs associated with the 2 Peaches acquisition.
- (7) Other adjustments include the effect of asset disposals. Fiscal year 2024 also includes an impairment charge on long-lived assets of \$4.3 million. Fiscal year 2023 also includes legal and insurance settlement proceeds of \$4.7 million.
- (8) Tax effect on adjustments as defined through fiscal year 2024 is calculated based on the overall effective tax rate for the respective periods. The effective tax rate for fiscal year 2023 is adjusted to remove Section 162(m) limitations and the tax benefit of restructuring.
- (9) Represents a one-time tax benefit of \$31.3 million associated with an internal legal entity restructuring in fiscal year 2023.
- (10) Tax effect on adjustments as defined beginning in fiscal year 2025 is calculated utilizing the tax rate specifically applicable to the respective adjustments.

Beginning in fiscal year 2025, the Company is updating its definition of Adjusted EBITDA to include non-cash occupancy-related costs, pre-opening expenses and store closing expenses, all of which were excluded under its previous definition of Adjusted EBITDA. Details of these changes and a reconciliation of the definitions prior to fiscal year 2025 to the go-forward definition is presented in the table and related footnotes below.

A reconciliation of GAAP net income to Adjusted EBITDA is presented in the table below:

	Fiscal Year	
	2024	2023
<i>(dollars in thousands)</i>		
Net income	\$ 29,030	\$ 53,115
Interest expense, net	62,444	88,500
Income tax expense (benefit)	20,404	(6,036)
Depreciation and amortization	69,530	61,144
Loss on extinguishment of debt ⁽¹⁾	4,088	16,626
Stock-based compensation expense ⁽²⁾	61,636	72,604
Non-cash occupancy-related costs ⁽³⁾	7,943	5,902
Lease intangible asset expense ⁽⁴⁾	3,531	4,093
Pre-opening expenses ⁽⁵⁾	14,768	7,536
Store closing expenses ⁽⁶⁾	874	1,613
Executive transition costs ⁽⁷⁾	689	—
Transaction costs ⁽⁸⁾	2,621	3,103
Dividend-related bonus ⁽⁹⁾	—	24,097
Loss (gain) on foreign currency, net	14,294	(6,660)
Other adjustments ⁽¹⁰⁾	4,312	(3,260)
Adjusted EBITDA, as defined through fiscal year 2024	296,164	322,377
Non-cash occupancy-related costs ⁽³⁾	(7,943)	(5,902)
Pre-opening expenses ⁽⁵⁾	(14,768)	(7,536)
Store closing expenses ⁽⁶⁾	(874)	(1,613)
Adjusted EBITDA, as defined beginning fiscal year 2025	\$ 272,579	\$ 307,326
Net income margin	1.9%	3.5%
Adjusted EBITDA margin, as defined through fiscal year 2024	19.3%	21.5%
Adjusted EBITDA margin, as defined beginning fiscal year 2025	17.7%	20.5%

- (1) Removes the effects of the loss on debt extinguishment in relation to the repricing of outstanding borrowings under the Term Loan Facility on January 30, 2024, the partial repayment of outstanding borrowings under the Term Loan Facility on July 5, 2023 and February 6, 2023, and the partial redemption of our Senior Secured Notes on March 4, 2024 and July 3, 2023.
- (2) Represents non-cash stock-based compensation expense related to stock options and restricted stock units granted to certain of our employees and directors.
- (3) Represents the difference between cash payments and straight-line lease expense.
- (4) Represents lease expense associated with acquired lease intangibles. Prior to the adoption of Topic 842, this expense was included within depreciation and amortization.
- (5) Pre-opening expenses include expenses incurred in the preparation and opening of new stores and processing locations, such as payroll, training, travel, occupancy and supplies.
- (6) Costs associated with the closing of certain retail locations, including lease termination costs, amounts paid to third parties for rent reduction negotiations, and fees paid to landlords for store closings.
- (7) Represents severance costs associated with executive leadership changes and retention costs associated with acquisitions.
- (8) Transaction costs are comprised of non-capitalizable expenses related to offering costs, debt transactions and acquisitions.
- (9) Represents dividend-related bonus and related payroll taxes paid in conjunction with our February 2023 dividends.
- (10) Other adjustments include the effect of asset disposals. Fiscal year 2024 also includes an impairment charge on long-lived assets of \$4.3 million. Fiscal year 2023 also includes legal and insurance settlement proceeds of \$4.7 million.

Constant-currency

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

The Company believes disclosure of constant-currency net sales is helpful to investors because it facilitates period-to-period comparisons of its results by increasing the transparency of its underlying performance by excluding the impact of fluctuating foreign currency exchange rates. Constant-currency results have no standardized meaning prescribed by GAAP, are not prepared under any comprehensive set of accounting rules or principles and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Constant-currency results have limitations in their usefulness to investors and may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies.

Constant-currency information compares results between periods as if exchange rates had remained constant period-over-period. During fiscal year 2024, as compared to fiscal year 2023, the USD was stronger relative to CAD and the Australian dollar ("AUD") which resulted in an unfavorable foreign currency impact on our operating results. The Company calculates constant-currency net sales by translating current-period net sales using the average exchange rates from the comparative prior period rather than the actual average exchange rates in effect.

A reconciliation of GAAP net sales to constant-currency net sales is presented in the table below:

(dollars in thousands)

Fiscal Year 2024	Net Sales	Impact of Foreign Currency	Constant-Currency Net Sales	\$ Change Over Prior Year	% Change Over Prior Year
U.S. Retail	\$ 832,581	\$ —	\$ 832,581	\$ 52,455	6.7 %
Canada Retail	586,971	9,009	595,980	(9,650)	(1.6) %
Other	118,065	449	118,514	4,021	3.5 %
Total net sales	\$ 1,537,617	\$ 9,458	\$ 1,547,075	\$ 46,826	3.1 %
Fiscal Year 2023					
U.S. Retail	\$ 780,126	n/a	\$ 780,126	n/a	n/a
Canada Retail	605,630	n/a	605,630	n/a	n/a
Other	114,493	n/a	114,493	n/a	n/a
Total net sales	\$ 1,500,249	n/a	\$ 1,500,249	n/a	n/a

n/a - not applicable

Liquidity and Capital Resources

Overview

We have historically financed our operations primarily with cash generated by operating activities and proceeds from debt issuances. These sources of liquidity and capital have also been the primary means by which we funded a dividend payment of \$262.2 million in fiscal year 2023. Although we do not anticipate paying any cash dividends in the foreseeable future, any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our current and future debt instruments, our future earnings, capital requirements, financial condition, prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

Our primary short-term requirements for liquidity and capital are to meet general working capital needs, fund capital expenditures and to make interest payments on our debt. Our primary long-term liquidity and capital needs relate to repaying the principal balance on our debt and making lease payments on our retail stores and processing facilities. We may also use cash on our balance sheet, cash generated from operations or proceeds from new borrowings, or any combination of these sources of liquidity and capital, to pay for acquisitions, to fund growth initiatives, to pay down debt or to conduct repurchases of our common stock under our share repurchase program, or any combination of the foregoing. Our primary sources of liquidity and capital are cash generated from operations and proceeds from borrowings, including borrowings on our Revolving Credit Facility. As of December 28, 2024, \$123.8 million was available to borrow under the Revolving Credit Facility.

We believe our existing cash and cash equivalents and cash provided by our operating activities are sufficient to fund our liquidity needs for the next 12 months.

See Note 7. Indebtedness to our audited consolidated financial statements for details of our indebtedness.

Share repurchase authorization

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

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Fiscal Year	
	2024	2023
(in thousands)		
Net cash provided by operating activities	\$ 134,276	\$ 175,165
Net cash used in investing activities	(80,523)	(92,365)
Net cash used in financing activities	(76,630)	(17,044)
Effect of exchange rate changes on cash and cash equivalents	(7,111)	2,067
Net change in cash and cash equivalents	\$ (29,988)	\$ 67,823

Comparison of fiscal year 2024 and fiscal year 2023

Net cash provided by operating activities

Net cash provided by operating activities was \$134.3 million for fiscal year 2024, compared to \$175.2 million for fiscal year 2023, a decrease of \$40.9 million. The \$40.9 million decrease is primarily due to a \$25.7 million increase in income taxes paid, net and an \$11.7 million decrease in operating income.

Net cash used in changes in operating assets and liabilities during fiscal year 2024 consisted primarily of a \$122.6 million change in operating lease liabilities and a \$10.7 million change in accrued payroll and related taxes. The change in operating lease liabilities resulted from lease payments. The change in accrued payroll and related taxes resulted primarily from the annual payment of incentive compensation to our employees, partially offset by increases in accrued payroll and insurance reserves. As of December 30, 2023, we had accrued \$24.4 million for employee incentive compensation which was paid during the first quarter of fiscal year 2024. As of December 28, 2024, we had accrued \$7.9 million for employee incentive compensation, the majority of which we plan to pay during the first quarter of fiscal year 2025.

Net cash used in changes in operating assets and liabilities during fiscal year 2023 consisted primarily of a \$110.4 million change in operating lease liabilities and a \$10.9 million change in inventory. The change in operating lease liabilities resulted from lease payments. The change in inventories is primarily due to the timing of processing and higher processing costs.

Net cash used in investing activities

Net cash used in investing activities was \$80.5 million for fiscal year 2024 and \$92.4 million for fiscal year 2023. Expenditure in both periods consisted primarily of investments in new stores, offsite processing and information technology, as well as capital maintenance expenditures. In fiscal year 2024, we also received net proceeds of \$28.5 million on settlement of derivative instruments, including \$28.1 million related to the April 2024 termination of our cross currency swaps, and made a net payment of \$3.2 million related to the 2 Peaches Acquisition.

Net cash used in financing activities

Net cash used in financing activities was \$76.6 million for fiscal year 2024, consisting primarily of \$55.5 million of principal payments on our long-term debt and \$31.7 million of share repurchases under our \$50.0 million share repurchase program, partially offset by net proceeds of \$11.9 million related to settlement of an interest rate swap with an other-than-insignificant financing element at inception, including \$9.6 million related to the April 2024 termination of the aforementioned interest rate swap.

Net cash used in financing activities was \$17.0 million for fiscal year 2023, consisting primarily of \$524.9 million of net proceeds from the issuance of our Senior Secured Notes and \$305.7 million of net proceeds from our IPO, offset by \$547.9 million of principal payments on our long-term debt, the payment of \$262.2 million in dividends and a net repayment of \$42.0 million on our Revolving Credit Facility.

Critical Accounting Estimates

Our consolidated financial statements and the accompanying notes thereto included elsewhere in this Annual Report are prepared in accordance with GAAP. Preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from our estimates under different assumptions or conditions. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. We believe that the assumptions and estimates associated with the impairment assessments of our goodwill and indefinite-lived intangible assets and income taxes have the greatest potential impact on our consolidated financial statements. Accordingly, we believe these policies are most critical to aid in fully understanding and evaluating our Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, and Consolidated Statements of Cash Flows.

Impairment of goodwill and indefinite-lived intangible assets

We assess goodwill and our indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that an asset may be impaired. We assess definite-lived intangible assets and other long-lived assets (collectively, "long-lived assets") for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable.

We account for acquired businesses using the acquisition method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values with the differences between consideration and net assets acquired being recorded as goodwill.

Goodwill is reviewed for impairment annually in the Company's fourth quarter and whenever circumstances indicate goodwill might be impaired. The Company has the option of performing a qualitative assessment that involves evaluating relevant events and circumstances to determine whether it is more likely than not (i.e. a likelihood of greater than 50%) that the fair value of a reporting unit is less than its carrying amount. If not, no further impairment testing is performed. If the assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company performs a quantitative assessment by comparing the carrying value of the reporting unit to the estimated fair value of the reporting unit, both as of the testing date. If the carrying value of the reporting unit exceeds the estimated fair value, the Company will recognize an impairment charge equal to the amount by which the carrying value exceeds the reporting unit's estimated fair value up to but not to exceed the total amount of goodwill allocated to the reporting unit.

While the Company generally performs a qualitative assessment, we may choose periodically to forgo the qualitative assessment and proceed directly to a quantitative analysis. Factors considered in determining whether to forgo the qualitative assessment and proceed directly to the quantitative analysis include the significance of the excess of a reporting unit's estimated fair value over its carrying value at the last quantitative assessment date, the amount of time between quantitative assessments, the desirability of establishing an updated baseline quantitative analysis, and other performance and market indicators. In fiscal year 2024, we forwent the qualitative assessment by performing a quantitative analysis and concluded that the fair values of both our reporting units were substantially higher than their carrying values.

Similar to goodwill, our indefinite-lived trade names and trademarks are not amortized, but reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. In fiscal year 2024, we forwent the qualitative assessment by performing a quantitative analysis and concluded that the fair values of our indefinite-lived trade names and trademarks were substantially higher than their carrying values.

Each reporting period, we perform an evaluation of the remaining useful life of our indefinite-lived trade names and trademarks to determine whether events and circumstances continue to support an indefinite life. We consider the life of our indefinite-lived trade names and trademarks to be appropriate.

Income taxes

Management makes estimates, assumptions, and judgments to determine our provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. We utilize the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as operating loss, capital loss, and tax credit carryforwards. A valuation allowance is established against deferred tax assets if it is more likely than not that they will not be realized. Income tax expense represents the current expense incurred for the period plus or minus the change during the period in net deferred tax assets and liabilities.

Recent Accounting Pronouncements

See Note 2. Summary of Significant Accounting Policies to our audited consolidated financial statements for a description of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to various market risks. Our primary market risks are interest rate risk associated with our variable rate debt and foreign currency exchange risk associated with our operations in Canada and Australia. We continually monitor these risks, regularly consider which risks need active management and, when appropriate, develop targeted risk management strategies. We may manage our exposure to changes in interest rates and foreign exchange rates through the use of derivative financial instruments with the objective of reducing potential income statement, cash flow and market exposures. We use derivative financial instruments solely to mitigate market exposure and not for trading or speculative purposes. Refer to Note 10. Derivative Financial Instruments for additional information.

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

Interest rate risk

Changes in interest rates affect the amount of interest due on our variable rate debt. As of December 28, 2024, we had variable rate borrowings on the Term Loan Facility of \$315.8 million and no advances under our Revolving Credit Facility. We currently use Term SOFR as a reference rate for our variable rate debt and any future increases in Term SOFR will inherently result in an increase in interest expense and cash paid toward interest.

We performed a sensitivity analysis to determine the effect of interest rate fluctuations on our interest expense. A hypothetical 1 percentage point increase in Term SOFR would result in an increase to interest expense of \$3.2 million over 12 months based on amounts outstanding and interest rates in effect as of December 28, 2024.

To reduce our exposure to fluctuations in interest rates, from time to time we enter into interest rate swaps. In the past we have used interest rate swaps to reduce our exposure to increases in interest rates and effectively convert a portion of our floating-rate debt to a fixed-rate basis. Our interest rate swaps were scheduled to mature on May 31, 2025 but we terminated them in April 2024.

Foreign currency exchange risk

In addition to our U.S. business, we operate in Canada and Australia. Operations conducted entirely in each jurisdiction use that jurisdiction's currency as their functional currency and changes in foreign exchange rates affect the translation of the results of these businesses into USD, which is the reporting currency of the Company. For the fiscal year 2024, approximately 43.3% of our net sales were denominated in a currency other than the USD. For the fiscal year 2024, a hypothetical 10% strengthening of the USD to the CAD would decrease our net sales by \$62.0 million (and vice versa). A hypothetical 10% change in the relative fair value of the USD to AUD would not have a material impact on our operations. We will be susceptible to fluctuations in USD compared to CAD and AUD if we do not hedge our exchange rate exposure. As such, we seek to manage the risk from changes in foreign currency exchange rates through the use of forward contracts or cross currency swaps or both. Forward contracts are maintained on a rolling 12-month basis and in June 2024 we considerably increased our portfolio of such instruments. Our cross currency swaps were scheduled to mature on May 31, 2025 but we terminated them in April 2024.

At December 28, 2024, the entire \$315.8 million balance on our variable rate borrowings is USD-denominated and is owed by one of our Canadian subsidiaries whose functional currency is CAD. These variable rate borrowings expose the Company to remeasurement risk. For the fiscal year 2024, a hypothetical 10% strengthening of USD to CAD would decrease net income by \$28.7 million. For the fiscal year 2024, a hypothetical 10% weakening of USD to CAD would increase net income by \$35.1 million. At December 30, 2023, the balance of variable rate borrowings that was USD-denominated and held by the same Canadian subsidiary was \$321.8 million.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SAVERS VALUE VILLAGE, INC.

Consolidated Financial Statements

Report of KPMG, independent registered public accounting firm (Public Company Accounting Oversight Board ID: 185)	65
Consolidated Statements of Operations and Comprehensive Income	67
Consolidated Balance Sheets	68
Consolidated Statements of Stockholders' Equity	69
Consolidated Statements of Cash Flows	70
Notes to Consolidated Financial Statements	71



KPMG LLP
Suite 600
205 North 10th Street
Boise, ID 83702-5798

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Savers Value Village, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Savers Value Village, Inc. and subsidiaries (the Company) as of December 28, 2024 and December 30, 2023, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 28, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2025 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

KPMG LLP, a Delaware limited liability partnership and a member firm of
the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.



Sufficiency of audit evidence over merchandise purchases

As discussed in Note 2, merchandise is purchased almost entirely from non-profit partners. The Company recorded \$669.7 million of cost of merchandise sold, exclusive of depreciation and amortization for the year ended December 28, 2024, a portion of which is related to the purchase of merchandise from non-profit partners. The processing and recording of the purchase of merchandise from non-profit partners (merchandise purchases) is reliant upon multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over merchandise purchases as a critical audit matter. Complex auditor judgment was required in evaluating the sufficiency of audit evidence due to the large volume of data and the number and complexity of the IT systems used in the merchandise purchasing process. Specialized skills and knowledge were needed to test the IT systems used for the processing and recording of merchandise purchases.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over merchandise purchases, including the IT systems to be tested.

- We evaluated the design and tested the operating effectiveness of an internal control related to the merchandise purchasing process.
- We involved IT professionals with specialized skills and knowledge who assisted in testing certain general IT controls and application controls used by the Company for the processing and recording of merchandise purchases.
- We evaluated the relevance and reliability of information used in our procedures by comparing information in certain IT systems to underlying documentation.
- We performed a software-assisted data analysis to test relationships among certain purchasing transactions.
- For a selection of transactions, we compared the amounts recognized by the Company with underlying documentation, including executed contracts and other relevant third-party evidence.
- We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the relevance and reliability of evidence obtained.

KPMG LLP

We have served as the Company's auditor since 2003.

Boise, Idaho
February 21, 2025

SAVERS VALUE VILLAGE, INC.
Consolidated Statements of Operations and Comprehensive Income
(All amounts in thousands, except per share amounts)

	Fiscal Year		
	2024	2023	2022
Net sales	\$ 1,537,617	\$ 1,500,249	\$ 1,437,229
Operating expenses:			
Cost of merchandise sold, exclusive of depreciation and amortization	669,744	619,671	599,926
Salaries, wages and benefits	331,023	366,189	273,587
Selling, general and administrative	337,131	311,388	301,737
Depreciation and amortization	69,530	61,144	55,753
Total operating expenses	1,407,428	1,358,392	1,231,003
Operating income	130,189	141,857	206,226
Other (expense) income:			
Interest expense, net	(62,444)	(88,500)	(64,744)
(Loss) gain on foreign currency, net	(14,294)	6,660	(20,737)
Other income, net	71	3,688	4,576
Loss on extinguishment of debt	(4,088)	(16,626)	(1,023)
Other expense, net	(80,755)	(94,778)	(81,928)
Income before income taxes	49,434	47,079	124,298
Income tax expense (benefit)	20,404	(6,036)	39,578
Net income	29,030	53,115	84,720
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(7,649)	(995)	6,514
Cash flow hedges	(8,613)	(7,969)	18,473
Other comprehensive (loss) income	(16,262)	(8,964)	24,987
Comprehensive income	\$ 12,768	\$ 44,151	\$ 109,707
Net income per share, basic	\$ 0.18	\$ 0.35	\$ 0.60
Net income per share, diluted	\$ 0.17	\$ 0.34	\$ 0.58
Basic weighted average shares outstanding	160,911	151,027	141,561
Diluted weighted average shares outstanding	166,706	156,156	146,049

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

SAVERS VALUE VILLAGE, INC.

Consolidated Balance Sheets
(All amounts in thousands, except per share amounts)

	December 28, 2024	December 30, 2023
Current assets:		
Cash and cash equivalents	\$ 149,967	\$ 179,955
Trade receivables, net	16,761	11,767
Inventories	34,288	32,820
Prepaid expenses and other current assets	24,634	25,691
Derivative assets – current	4,574	7,691
Total current assets	230,224	257,924
Property and equipment, net	270,123	229,405
Right-of-use lease assets	552,762	499,375
Goodwill	665,465	687,368
Intangible assets, net	159,330	166,681
Deferred tax assets, net	3,801	—
Other assets	3,790	3,133
Derivative assets - non-current	—	23,519
Total assets	\$ 1,885,495	\$ 1,867,405
Current liabilities:		
Accounts payable and accrued liabilities	\$ 83,039	\$ 92,550
Accrued payroll and related taxes	52,252	65,096
Lease liabilities – current	89,809	79,306
Current portion of long-term debt	6,000	4,500
Total current liabilities	231,100	241,452
Long-term debt, net	735,133	784,593
Lease liabilities – non-current	472,343	419,407
Other liabilities	25,239	17,989
Deferred tax liabilities, net	—	27,909
Total liabilities	1,463,815	1,491,350
Commitments and contingencies (see Note 16)		
Stockholders' equity:		
Preferred stock, \$ 0.000001 par value, 100,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, \$ 0.000001 par value, 800,000 shares authorized; 159,164 and 160,453 shares issued and outstanding	—	—
Additional paid-in capital	657,906	593,109
Accumulated deficit	(250,451)	(247,541)
Accumulated other comprehensive income	14,225	30,487
Total stockholders' equity	421,680	376,055
Total liabilities and stockholders' equity	\$ 1,885,495	\$ 1,867,405

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

SAVERS VALUE VILLAGE, INC.

Consolidated Statements of Stockholders' Equity
(All amounts in thousands, except per share amounts)

	Common A Units		Common B Units		Common Stock		Additional		Accumulated	Other	
	Units	Amount	Units	Amount	Shares	Amount	Paid-in	Accumulated	Deficit	Comprehensive	Total
							Capital	Deficit		Income	
Balance at January 1, 2022	141,545	\$223,379	—	\$ 1,297	—	\$ —	\$ —	\$ (53,708)	\$	14,464	\$185,432
Corporate conversion of common units to common stock	(141,545)	(223,379)	—	(1,297)	141,545	—	224,676	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	1,943	—	—	—	1,943
Stock issued under stock incentive plans, net	—	—	—	—	45	—	(292)	—	—	—	(292)
Dividends declared, \$ 0.35 per share	—	—	—	—	—	—	—	(69,455)	—	—	(69,455)
Comprehensive income	—	—	—	—	—	—	—	84,720	—	24,987	109,707
Balance at December 31, 2022	—	—	—	—	141,590	—	226,327	(38,443)	—	39,451	227,335
Proceeds from initial public offering, net of underwriting fees and offering costs of \$ 42,473	—	—	—	—	18,750	—	295,027	—	—	—	295,027
Stock-based compensation expense	—	—	—	—	—	—	72,604	—	—	—	72,604
Stock issued under stock incentive plans, net	—	—	—	—	158	—	(150)	—	—	—	(150)
Repurchase of common stock prior to initial public offering	—	—	—	—	(45)	—	(699)	—	—	—	(699)
Dividends declared, \$ 1.32 per share	—	—	—	—	—	—	—	(262,213)	—	—	(262,213)
Comprehensive income (loss)	—	—	—	—	—	—	—	53,115	—	(8,964)	44,151
Balance at December 30, 2023	—	—	—	—	160,453	—	593,109	(247,541)	—	30,487	376,055
Stock-based compensation expense	—	—	—	—	—	—	61,636	—	—	—	61,636
Stock issued under stock incentive plans, net	—	—	—	—	1,920	—	3,161	—	—	—	3,161
Repurchase of common stock under share repurchase program	—	—	—	—	(3,209)	—	—	(31,940)	—	—	(31,940)
Comprehensive income (loss)	—	—	—	—	—	—	—	29,030	—	(16,262)	12,768
Balance at December 28, 2024	—	\$ —	—	\$ —	159,164	\$ —	\$ 657,906	\$ (250,451)	\$	14,225	\$421,680

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

SAVERS VALUE VILLAGE, INC.

Consolidated Statements of Cash Flows
(All amounts in thousands)

	Fiscal Year		
	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 29,030	\$ 53,115	\$ 84,720
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation expense	61,636	72,604	1,943
Amortization of debt issuance costs and debt discount	5,611	6,051	4,005
Depreciation and amortization	69,530	61,144	55,753
Operating lease expense	132,173	119,908	114,788
Deferred income taxes, net	(31,880)	(35,249)	20,261
Loss on extinguishment of debt	4,088	16,626	1,023
Other items	9,048	(15,055)	22,795
Changes in operating assets and liabilities, net of acquisition:			
Trade receivables	(5,748)	740	(8,053)
Inventories	(1,898)	(10,926)	2,246
Prepaid expenses and other current assets	1,073	3,659	(16,928)
Accounts payable and accrued liabilities	(8,046)	8,154	6,887
Accrued payroll and related taxes	(10,688)	2,428	(12,632)
Operating lease liabilities	(122,630)	(110,438)	(104,685)
Other liabilities	2,977	2,404	(2,690)
Net cash provided by operating activities	134,276	175,165	169,433
Cash flows from investing activities:			
Purchases of property and equipment	(105,877)	(91,743)	(110,173)
Settlement of derivative instruments, net	28,543	28	(329)
Business acquisition, net of cash acquired	(3,189)	—	—
Purchase of trade name	—	(650)	—
Net cash used in investing activities	(80,523)	(92,365)	(110,502)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net	—	529,247	—
Principal payments on long-term debt	(55,500)	(547,931)	(10,991)
Payment of debt issuance costs	(1,004)	(4,359)	(626)
Prepayment premium on extinguishment of debt	(1,485)	(1,650)	(1,023)
Advances on revolving line of credit	—	42,000	102,000
Repayments of revolving line of credit	—	(84,000)	(60,000)
Proceeds from stock option exercises	3,721	—	—
Dividends paid	—	(262,235)	(69,433)
Repurchase of common stock under share repurchase program	(31,674)	—	—
Proceeds from initial public offering, net	—	314,719	—
Payment of offering costs	—	(9,061)	—
Repurchase of shares and shares withheld for taxes	(560)	(849)	(292)
Settlement of derivative instrument, net	11,925	8,601	147
Principal payments on finance lease liabilities	(1,615)	(1,526)	—
Other	(438)	—	—
Net cash used in financing activities	(76,630)	(17,044)	(40,218)
Effect of exchange rate changes on cash and cash equivalents	(7,111)	2,067	(4,496)
Net change in cash and cash equivalents	(29,988)	67,823	14,217
Cash and cash equivalents at beginning of period	179,955	112,132	97,915
Cash and cash equivalents at end of period	\$ 149,967	\$ 179,955	\$ 112,132
Supplemental disclosures of cash flow information:			
Interest paid on debt	\$ 75,409	\$ 79,133	\$ 62,157
Income taxes paid, net	\$ 48,201	\$ 22,480	\$ 31,168
Supplemental disclosure of noncash investing activities:			
Noncash capital expenditures	\$ 3,787	\$ 5,276	\$ 6,414

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



SAVERS VALUE VILLAGE, INC.

Notes to Consolidated Financial Statements

Note 1. Description of Business and Basis of Presentation**Description of business**

Savers Value Village, Inc., a Washington State based company, together with its wholly owned subsidiaries (the “Company”, “we”, “us” or “our”), sells secondhand merchandise primarily in retail stores located in the United States (“U.S.”), Canada and Australia. Items that are unsuited for or unsold at retail stores are marketed to wholesale customers.

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. These consolidated financial statements present the results of operations, financial position and cash flows of the Company in accordance with U.S. generally accepted accounting principles (“GAAP”).

The Company reports on a fiscal year basis, which ends on the Saturday nearest December 31. Fiscal year 2024 consisted of the 52 weeks ended December 28, 2024, fiscal year 2023 consisted of the 52 weeks ended December 30, 2023 and fiscal year 2022 consisted of the 52 weeks ended December 31, 2022. All amounts in the Notes to the Consolidated Financial Statements, with the exception of per share amounts, are rounded to the nearest thousand unless otherwise indicated.

Corporate Conversion

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

Initial public offering

The registration statement related to our initial public offering (“IPO”) was declared effective on June 28, 2023, and our common stock began trading on the New York Stock Exchange on June 29, 2023. On July 3, 2023, we completed our IPO for the sale of 18.8 million shares of our common stock, \$ 0.000001 par value per share, at a public offering price of \$ 18.00 per share. Net proceeds to the Company from the IPO were \$ 295.0 million after deducting underwriting discounts and commissions of \$ 22.8 million and offering expenses of \$ 19.7 million.

In addition to the 18.8 million shares sold by the Company, certain funds, investment vehicles or accounts managed or advised by the Private Equity Group of Ares Management Corporation (the “selling stockholders”) sold 6.9 million shares, including 3.3 million shares pursuant to the exercise of the underwriters’ over-allotment option. The Company did not receive any proceeds from sales made by the selling stockholders.

Authorized shares

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

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

Note 2. Summary of Significant Accounting Policies

Use of estimates

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

Foreign currency

The functional currency of the Company's foreign entities is the local currency of the country in which the entity operates. Assets and liabilities of foreign operations are translated into U.S. dollars, the reporting currency of Savers Value Village, Inc., using rates of exchange in effect at the end of the reporting period. The net gain or loss resulting from translation is shown as a foreign currency translation adjustment and is included in other comprehensive (loss) income in the Consolidated Statements of Operations and Comprehensive Income and in accumulated other comprehensive income on the Consolidated Balance Sheets. Income and expense accounts of the Company's foreign entities are translated into U.S. dollars using average rates of exchange during the reporting period.

(Loss) gain on foreign currency, net in the Consolidated Statements of Operations and Comprehensive Income comprises realized gains and losses upon settlement of foreign currency transactions, remeasurement gains and losses on unsettled foreign currency transactions, and realized and unrealized gains and losses on cross currency swaps and forward contracts (see Note 10. Derivative Financial Instruments). Realized and unrealized gains and (losses) on foreign currency transactions totaled \$ 27.3 million in fiscal year 2024, \$ 9.8 million in fiscal year 2023 and \$(30.0) million in fiscal year 2022.

Foreign currency gains and losses relating to intercompany loans issued by or to foreign subsidiaries are not eliminated during consolidation and are included in (loss) gain on foreign currency, net in the Consolidated Statements of Operations and Comprehensive Income.

Revenue recognition

Retail sales. Revenue is recorded for store sales upon the purchase of merchandise by customers. Sales taxes collected from customers are not considered revenue and are included in accounts payable and accrued liabilities on the Consolidated Balance Sheets until remitted to the taxing authorities.

Revenue is recorded net of coupons, promotional discounts and sales discounts under reward programs. Revenue from gift cards is recognized upon redemption, and estimated breakage is recognized based on redemption data. The Company accounts for outstanding gift card balances as a liability, net of estimated breakage. Gift card liabilities are included in accounts payable and accrued liabilities on the Consolidated Balance Sheets. The Company does not record a sales return reserve as no right of return exists for customers.

Wholesale sales. Sales of products are recognized at the point of delivery with no right of return and exclude shipping and handling costs, which are paid by the customer. The Company's revenue arrangements do not contain a significant financing component.

The following table disaggregates our revenue by retail and wholesale for the periods presented:

	Fiscal Year		
	2024	2023	2022
(in thousands)			
Retail sales	\$ 1,463,404	\$ 1,427,024	\$ 1,365,109
Wholesale sales	74,213	73,225	72,120
Total net sales	\$ 1,537,617	\$ 1,500,249	\$ 1,437,229

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks, proceeds due from credit and debit card transactions and money market funds with maturity dates of three months or less from the date of purchase. The carrying amounts reported for cash and cash equivalents are considered to approximate fair value based upon their short maturities.

The Company's cash deposits are maintained in accounts primarily with two major financial institutions in the U.S. and Canada. Substantially all cash on deposit exceeds the federally insured limits for such deposits. Money market funds are invested in a single fund that invests in U.S. Government and U.S. Treasury securities.

Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount, net of any allowances. Both trade accounts receivable and the allowance for credit losses relate to wholesale sales.

Inventories

Inventories consist almost entirely of used clothing and other household goods purchased from nonprofit partners. Inventory is valued at the lower of average purchase cost or net realizable value. The allowance for excess inventory as of December 28, 2024 and December 30, 2023 was immaterial.

Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years for furniture, fixtures and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of 7 years or the remaining lease term.

Long-lived assets

The carrying values of long-lived assets, consisting of property and equipment, right-of-use lease assets and long-lived intangible assets, are reviewed for impairment when store performance expectations, events or changes in circumstances - such as a decision to relocate or close a store, office or distribution center - indicate that the carrying amounts may not be recoverable. When testing for impairment, we group assets and liabilities at the lowest level for which cash flows are separately identifiable - which is primarily at the individual store level. We then assess the risk of impairment by comparing an estimate of the undiscounted cash flows expected to be generated by the asset group against the carrying value of the asset group (the "recoverability test"). Impairment is indicated when the carrying value of the asset group exceeds the estimated future undiscounted cash flows generated by those assets. When impairment is indicated and the fair value of the asset group is determined to be less than the carrying value of the asset group, the Company records an impairment charge equal to the amount by which the carrying value of the asset group exceeds the asset group's fair value. Performing the recoverability test requires management to make judgments relating to future cash flows, growth rates and economic and market conditions. Depending on the asset class, estimated fair value may be determined either by the use of a discounted cash flow model and/or by reference to estimated selling prices of assets in similar condition.

In fiscal year 2024, the Company recorded an impairment charge on its long-lived assets of \$ 4.3 million which was recorded in selling, general and administrative in the Consolidated Statements of Operations and Comprehensive Income. In fiscal years 2023 and 2022, no triggering events were identified and no impairment charges were recorded on the Company's long-lived assets.

Goodwill

Goodwill is reviewed for impairment annually in the Company's fourth quarter and whenever circumstances indicate goodwill might be impaired. The Company has the option of performing a qualitative assessment that involves evaluating relevant events and circumstances to determine whether it is more likely than not (i.e. a likelihood of greater than 50%) that the fair value of a reporting unit is less than its carrying amount. If not, no further impairment testing is performed. If the assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company performs a quantitative assessment by comparing the carrying value of the reporting unit to the estimated fair value of the reporting unit, both as of the testing date. If the carrying value of the reporting unit exceeds the estimated fair value, the Company will recognize an impairment charge equal to the amount by which the carrying value exceeds the reporting unit's estimated fair value up to but not to exceed the total amount of goodwill allocated to the reporting unit.

While the Company generally performs a qualitative assessment, we may choose periodically to forgo the qualitative assessment and proceed directly to a quantitative analysis. Factors considered in determining whether to forgo the qualitative assessment and proceed directly to the quantitative analysis include the significance of the excess of a reporting unit's estimated fair value over its carrying value at the last quantitative assessment date, the amount of time between quantitative assessments, the desirability of establishing an updated baseline quantitative analysis, and other performance and market indicators.

The Company's reporting units are consistent with its operating segments, with goodwill balances allocated entirely to the U.S. Retail and Canada Retail reporting units. No goodwill impairment was recorded during fiscal years 2024, 2023 and 2022.

Intangible assets

Intangible assets represent the Company's trade names, trademarks and charity licensing agreements. The Company's trade names and trademarks, which have indefinite lives, are not amortized, but rather, reviewed for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Charity licensing agreements are amortized using the straight-line method over their estimated useful life, which is usually 15 years.

No impairment of intangible assets was recorded during fiscal years 2024, 2023 and 2022.

Insurance reserves

The Company is self-insured for general liability, medical and workers' compensation and regularly reviews the related insurance reserves and adjusts the balances as necessary. Self-insurance claims filed and claims incurred-but-not-reported are accrued based on management's estimates of cost by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. Additionally, the Company reviews specific large insurance claims to determine whether there is a need for any additional accruals. Changes in these assumptions could materially impact the required reserve balances and it is possible that the Company's actual loss experience could differ materially from recorded insurance reserves.

Advertising costs

Advertising production costs and media placement costs are expensed the first time the advertisement takes place. Total advertising costs during fiscal years 2024, 2023 and 2022 were \$ 10.7 million, \$ 9.0 million and \$ 11.9 million, respectively, and are included in selling, general and administrative in the Consolidated Statements of Operations and Comprehensive Income.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount more likely than not expected to be realized. Income tax expense represents the current expense incurred for the period plus or minus the change during the period in net deferred tax assets and liabilities.

Section 382 of the Internal Revenue Code and similar state regulations, contain provisions that may limit the net operating loss ("NOL") carryforwards and other tax attributes available to be used to offset income and tax liabilities in any given year upon the occurrence of certain events, including changes in ownership of more than 50%.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount of the benefit that has a greater than 50% likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense, net and penalties in income tax expense (benefit) in the Consolidated Statements of Operations and Comprehensive Income.

Stock-based compensation

The Company's stock-based incentive plan allows for the issuance of various types of stock-based awards, including time-based options, performance-based options and restricted stock units ("RSUs"). Options are generally granted with an exercise price equal to the fair value of our common stock at the date of grant. Prior to July 3, 2023, the date we completed our IPO, the fair value of our common stock was established by the Board at the date of grant. Upon completion of our IPO, the fair value of our common stock is determined based on the closing price of our common stock on the New York Stock Exchange on the date of grant.

We estimate the fair value of time-based options using the Black-Scholes-Merton option pricing model. We also used the Black-Scholes-Merton option pricing model to determine the grant-date fair value of performance-based options that were tied to the Company's IPO, and a Monte Carlo simulation under the option pricing framework to determine the grant-date fair value of performance-based options subject to market-specific conditions.

We recognize expense for time-based options on a straight-line basis over the requisite service period of the awards. We recognize expense for performance-based options subject to Company-specific conditions when it is probable that performance conditions will be achieved, and recognize the expense on a graded vesting basis over the expected vesting period. For performance-based options subject to market-specific conditions, expense is recognized on a graded vesting basis over the expected vesting period and is recognized regardless of whether the market-specific conditions are achieved.

The fair value of RSUs is estimated based on the fair value of our common stock on the date of grant. RSUs are recognized in compensation expense over the service period, which is generally the vesting period. For a more detailed discussion of stock-based compensation, see Note 13. Stock-Based Compensation.

Share repurchases

Repurchased shares are retired and the excess of cost over par value is recorded as an increase in accumulated deficit.

Derivative instruments

In the normal course of business, the Company may use derivative financial instruments, including interest rate swaps, cross currency swaps and foreign exchange forwards, to hedge against fluctuations in interest rates or foreign exchange rates thereby reducing our exposure to variability in cash flows on our floating-rate debt or from foreign operations.

Derivative instruments are measured at fair value and classified as assets or liabilities, current or non-current, depending on the settlement dates of the individual contracts. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation.

Derivative instruments that are not designated as hedges are intended to economically hedge a portion of our foreign exchange risk. All gains and losses on these economic hedges are recorded immediately in (loss) gain on foreign currency, net in the Consolidated Statements of Operations and Comprehensive Income.

For derivative instruments designated as cash flow hedges, unrealized gains and losses from changes in fair value are initially reported as a component of accumulated other comprehensive income on the Consolidated Balance Sheets and are reclassified to interest expense, net in the Consolidated Statements of Operations and Comprehensive Income as interest payments are made on the Company's variable-rate debt. For derivative instruments designated as cash flow hedges, realized gains and losses from monthly settlement are a component of interest expense, net in the Consolidated Statements of Operations and Comprehensive Income.

Realized gains and losses on interest rate swaps with an other-than-insignificant financing element at inception are reported within cash flows from financing activities on the Consolidated Statements of Cash Flows. Realized gains and losses on interest rate swaps without an other-than-insignificant financing element at inception are reported within cash flows from operating activities on the Consolidated Statements of Cash Flows. Realized gains and losses on cross currency swaps and forward contracts are reported within cash flows from investing activities on the Consolidated Statements of Cash Flows.

The Company does not use derivative instruments for trading or speculative purposes and does not use any leveraged derivative financial instruments.

Leases

The Company leases various real estate, including retail stores, offsite processing facilities, wholesale warehouses and office space, as well as vehicles. The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, lease liabilities – current and lease liabilities – non-current in our Consolidated Balance Sheets. As of December 28, 2024, finance leases of \$ 8.5 million, \$ 2.7 million and \$ 5.7 million were included in property and equipment, net, accounts payable and accrued liabilities, and other liabilities, respectively, in our Consolidated Balance Sheets. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed as paid.

Our lease assets and liabilities are recognized at the lease commencement date based on the present value of the fixed lease payments over the lease term. As an implicit rate is not provided for most of our leases, we use an incremental borrowing rate which represents the rate used for a secured borrowing of a similar term as the lease. Our real estate leases typically require payment of real estate taxes, common area maintenance and insurance. These components comprise the majority of our variable lease costs and are excluded from the present value of our lease obligations.

The Company's leases have remaining lease terms of greater than 1 year to 21 years. The lease term includes the initial contractual term as well as any options to extend the lease when it is reasonably certain that the Company will exercise that option. The option periods are generally not included in the lease term used to measure our lease liabilities and lease assets upon commencement as exercise of the options is not reasonably certain. We remeasure the lease liability and lease asset when we are reasonably certain to exercise a renewal option. The Company's lease agreements do not contain any residual value guarantees or material restrictive covenants.

Recently adopted accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this update require enhanced disclosures about significant expenses on an annual and interim basis for all public entities. The amendments in this update were effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of this new guidance impacted the Company's disclosures only and had no impact to its results of operations, financial position or cash flows.

Recently issued accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update require that public entities on an annual basis disclose specific categories in the rate reconciliation table, provide additional information for reconciling items that meet a quantitative threshold and provide additional information about income taxes paid. The amendments in this Update are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. This guidance is expected to impact the Company's disclosures only with no impact to its results of operations, financial position or cash flows.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The amendments in this update require public entities to disclose, on an annual and interim basis, specific expenses included in each relevant expense caption on the income statement. The amendments in this update are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. This guidance is expected to impact the Company's disclosures only with no impact to its results of operations, financial position or cash flows.

Note 3. 2 Peaches Acquisition

On May 6, 2024, the Company acquired all of the equity of 2 Peaches Group, LLC ("2 Peaches") for \$ 5.4 million, which is comprised of cash consideration of \$ 3.5 million, including a holdback of \$ 0.5 million, and acquisition-related contingent consideration with an initial fair value of \$ 1.9 million (the "2 Peaches Acquisition"). 2 Peaches is a thrift store chain with seven locations in the Atlanta, Georgia, metropolitan area. The acquired stores are the Company's first locations in the state of Georgia and will serve as a base for the Company's entrance and expansion into the southeast region of the U.S.

The 2 Peaches Acquisition was accounted for as a business combination using the acquisition method of accounting in accordance with Topic 805, Business Combinations, and the purchase price was allocated to the assets acquired and the liabilities assumed based on their fair value at the acquisition date. The excess of the purchase price over the fair value of the net assets acquired was recorded as goodwill, which is deductible for income tax purposes. Under the acquisition method, the consolidated financial statements of the Company include the operations of 2 Peaches from the acquisition date.

Goodwill arising from the acquisition amounted to less than \$ 0.1 million. Goodwill was allocated to the U.S. Retail reporting unit. The fair value of assets acquired was \$ 12.5 million, which primarily comprised \$ 8.5 million for right-of-use assets, \$ 2.9 million for a charity licensing agreement, \$ 0.5 million for inventory, \$ 0.4 million for property and equipment, and \$ 0.1 million of cash. The charity licensing agreement was fully amortized during fiscal year 2024. The fair value of liabilities assumed was \$ 7.1 million.

The acquisition-related contingent consideration arrangement with an initial fair value of \$ 1.9 million requires us to make a future cash payment of up to \$ 2.7 million upon achievement of specific milestones; the associated liability is classified in other liabilities in our Consolidated Balance Sheets. See Note 8. Fair Value Measurements, for information related to the fair value of the contingent consideration.

We have not presented pro forma results of operations including 2 Peaches since their results of operations are not material to our consolidated financial results.

Note 4. Property and Equipment

Property and equipment, net, consisted of the following:

<i>(in thousands)</i>	December 28, 2024	December 30, 2023
Furniture, fixtures and equipment	\$ 291,772	\$ 257,934
Leasehold improvements	133,947	116,158
Finance leases	13,281	5,285
Construction in progress	74,922	35,107
Total property and equipment	513,922	414,484
Less: accumulated depreciation	243,799	185,079
Total property and equipment, net	<u>\$ 270,123</u>	<u>\$ 229,405</u>

Depreciation expense for fiscal years 2024, 2023 and 2022 was \$ 61.3 million, \$ 56.0 million and \$ 49.6 million, respectively.

Note 5. Goodwill

Changes in the carrying value of goodwill by reportable segments were as follows:

<i>(in thousands)</i>	U.S. Retail	Canada Retail	Total
Balance at December 31, 2022	\$ 414,946	\$ 266,501	\$ 681,447
Foreign currency translation effect	—	5,921	5,921
Balance at December 30, 2023	414,946	272,422	687,368
Foreign currency translation effect	—	(21,951)	(21,951)
Business acquisition	48	—	48
Balance at December 28, 2024	<u>\$ 414,994</u>	<u>\$ 250,471</u>	<u>\$ 665,465</u>

Note 6. Intangible Assets

The components of intangible assets were as follows:

<i>(in thousands)</i>	December 28, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade names and trademarks	\$ 118,650	\$ —	\$ 118,650
Charity licensing agreements	63,625	(22,945)	40,680
Total	<u>\$ 182,275</u>	<u>\$ (22,945)</u>	<u>\$ 159,330</u>

<i>(in thousands)</i>	December 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade names and trademarks	\$ 118,650	\$ —	\$ 118,650
Charity licensing agreements	68,189	(20,158)	48,031
Total	<u>\$ 186,839</u>	<u>\$ (20,158)</u>	<u>\$ 166,681</u>

The amortization expense associated with intangible assets was \$ 8.3 million, \$ 5.2 million and \$ 6.1 million for fiscal years 2024, 2023 and 2022, respectively. The estimated aggregate amortization expense of intangible assets for each of the five years commencing after December 28, 2024 is \$ 4.3 million.

Note 7. Indebtedness

Long-term debt consisted of the following:

<i>(in thousands)</i>	December 28, 2024	December 30, 2023
Senior Secured Notes	\$ 445,500	\$ 495,000
Term Loan Facility	315,756	321,756
Total face value of debt	761,256	816,756
Less: current portion of long-term debt	6,000	4,500
Less: unamortized debt issuance costs and debt discount	20,123	27,663
Long-term debt, net	\$ 735,133	\$ 784,593

In 2023, the Company used the net proceeds from its IPO, the net proceeds from issuing \$ 550.0 million aggregate principal amount of Senior Secured Notes (the "Notes") and cash on hand, in whole or in part, to repay \$ 485.8 million in outstanding borrowings on its Term Loan Facility and \$ 55.0 million aggregate principal amount of its Notes, resulting in a loss on extinguishment of debt of \$ 16.6 million. Proceeds from the February 2023 Notes issuance were also used to pay a \$ 262.2 million dividend and a \$ 23.6 million one-time bonus to certain employees and directors participating in our management equity incentive plan who were unable to participate in the dividend. The bonus was recorded in salaries, wages and benefits in the Consolidated Statements of Operations and Comprehensive Income.

On January 30, 2024, the Company entered into the third amendment to its Senior Secured Credit Facilities resulting in a loss on extinguishment of debt of \$ 0.7 million. On March 4, 2024, the Company redeemed \$ 49.5 million aggregate principal amount of the Notes, equal to 10 % of the outstanding balance at December 30, 2023. In addition to paying accrued interest, the Company paid a premium of 3 %, or \$ 1.5 million, on the partial redemption. This transaction resulted in a loss on extinguishment of debt of \$ 3.4 million.

On February 6, 2025, the Company redeemed \$ 44.5 million aggregate principal amount of the Notes, equal to 10 % of the outstanding balance at December 28, 2024. In addition to paying accrued interest, the Company paid a premium of 3 %, or \$ 1.3 million, on the partial redemption. This transaction resulted in a loss on extinguishment of debt of \$ 2.7 million.

Senior Secured Notes

The Notes bear interest at a fixed rate of 9.75 % with interest due every February 15 and August 15. As of December 28, 2024, the Company had a \$ 16.1 million balance for accrued interest on the Notes, which is classified in accounts payable & accrued liabilities in the Consolidated Balance Sheets. The Notes are due in full at maturity in April 2028, coterminous with the Term Loan Facility. The Company's principal subsidiaries in the U.S. are issuers of the Notes. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by most of the Company's U.S. and Canadian subsidiaries (other than the issuers). The Notes are secured by a first priority lien on substantially all assets of the issuers and guarantors, subject to certain exceptions, on an equal and ratable basis with indebtedness under the Term Loan Facility. The Notes rank pari passu with the Term Loan Facility in right of payment and are subordinated to our existing super-priority Revolving Credit Facility in right of payment.

We may redeem the Notes in whole or in part at the redemption prices set forth below, plus accrued and unpaid interest:

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

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

The indenture, pursuant to which the Notes were issued, contains customary affirmative and negative covenants, which are similar in scope to those in the Senior Secured Credit Facilities (see below), although there are no financial maintenance covenants in the indenture governing the Notes. Certain covenants may be suspended in the event the Notes are assigned an investment grade rating from two of three rating agencies.

Senior Secured Credit Facilities

The Senior Secured Credit Facilities consist of a term loan facility ("Term Loan Facility") and a revolving credit facility ("Revolving Credit Facility"). The Company's principal subsidiaries in the U.S. and Canada are borrowers under the Senior Secured Credit Facilities and most of the Company's U.S. and Canadian subsidiaries are guarantors. The Senior Secured Credit Facilities are secured by a first priority lien on substantially all assets of the borrowers and guarantors, subject to certain exceptions. The Revolving Credit Facility is senior to the Term Loan Facility in right of payment.

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

The Senior Secured Credit Facilities also have a customary uncommitted incremental facility of (i) the greater of \$ 136.0 million or EBITDA for the prior four fiscal quarters plus (ii) additional amounts based on the Company's net leverage ratio or interest coverage ratio plus (iii) certain specific additional amounts.

Term Loan Facility

Borrowings under the Term Loan Facility are due in full at maturity in April 2028. The Term Loan Facility bears interest at a variable rate equal to a reference rate plus a margin ranging from 2.50 % to 3.75 % based on loan type and our first lien net leverage ratio.

The Company is required to prepay the Term Loan Facility with a percentage of the Company's annual excess cash flow if the first lien net leverage ratio is greater than or equal to 3.50 to 1.00. The Company is also required to prepay the Term Loan Facility with a percentage of the net cash proceeds of certain asset sales, subject to customary reinvestment provisions, when the first lien net leverage ratio is greater than or equal to 3.50 to 1.00. The Company is able to prepay amounts outstanding under the Term Loan Facility without a prepayment premium.

Revolving Credit Facility

The Revolving Credit Facility matures in April 2027. The maximum available amount under the Revolving Credit Facility is \$ 125.0 million, with \$ 60.0 million available for letters of credit and a swingline sublimit of \$ 10.0 million. As of December 28, 2024, there were no advances on the Revolving Credit Facility, there were \$ 1.2 million of letters of credit outstanding and \$ 123.8 million was available to borrow.

The interest rate on revolver draws is variable at a rate equal to the reference rate plus a margin of 2.25 % or 3.25 % based on loan type. A 0.5 % commitment fee is payable quarterly on the unused portion of the Revolving Credit Facility.

The Revolving Credit Facility is subject to a financial maintenance covenant that requires us to ensure the first lien net leverage ratio, which is tested quarterly, does not exceed 7.75 to 1.00. The financial maintenance covenant is only applicable if the aggregate amount of revolving loans, swingline loans and letters of credit outstanding under the Revolving Credit Facility (excluding up to \$ 20 million of undrawn letters of credit and certain other amounts) exceeds 35 % of the committed amount. The Revolving Credit Facility provides for customary equity cure rights.

Note 8. Fair Value Measurements

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

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

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

Recurring fair value measurements

The following table presents financial assets and financial liabilities that are measured at fair value on a recurring basis at December 28, 2024:

(in thousands)	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 57,000	\$ —	\$ —	\$ 57,000
Forward contracts	—	4,574	—	4,574
Total	\$ 57,000	\$ 4,574	\$ —	\$ 61,574
Liabilities:				
Acquisition-related contingent consideration	\$ —	\$ —	\$ 2,000	\$ 2,000

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

(in thousands)	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 90,000	\$ —	\$ —	\$ 90,000
Interest rate swaps	—	10,379	—	10,379
Cross currency swap	—	20,831	—	20,831
Total	\$ 90,000	\$ 31,210	\$ —	\$ 121,210
Liabilities:				
Cross currency swaps	\$ —	\$ 466	\$ —	\$ 466
Forward contracts	—	384	—	384
Total	\$ —	\$ 850	\$ —	\$ 850

There were no transfers of financial assets or liabilities between Level 1, Level 2 or Level 3 for fiscal year 2024 or fiscal year 2023.

Money market funds, consisting of short-term deposits with an original maturity of three months or less, are valued based on quoted market prices of identical assets and are classified within Level 1. Interest rate swaps, cross currency swaps and forward contracts are fair valued using independent valuation services, and the valuations are based on observable market data. As such, the interest rate swaps, cross currency swaps and forward contracts are classified within Level 2. The Company reviews the independent valuation and obtains an understanding of the methods used in pricing the instruments.

The fair value of the acquisition-related contingent consideration liability is measured using the probability-weighted present value of the potential payment. The probability-weighted present value of the potential payment is based on significant unobservable inputs, including management estimates and assumptions. Accordingly, the fair value of the acquisition-related contingent consideration is classified as Level 3 within the fair value hierarchy.

The following table provides quantitative information regarding Level 3 inputs used in the fair value measurement of the acquisition-related contingent consideration liability as of December 28, 2024:

Acquisition-Related Contingent Consideration Liability	Valuation Technique	Unobservable Input	Range
Potential payment	Probability-weighted present value	Probability of payment	0 % - 100 %
		Discount rate	9.4 %
		Projected years of payments	2025 - 2027

The following table provides a reconciliation of the acquisition-related contingent consideration liability measured at fair value using Level 3 significant unobservable inputs:

(in thousands)

Balance at May 6, 2024 ⁽¹⁾	\$	1,898
Change in fair value recorded in selling, general and administrative		102
Balance at December 28, 2024	\$	2,000

⁽¹⁾ 2 Peaches was acquired on May 6, 2024.

Non-recurring fair value measurements

The Company's non-financial assets, such as goodwill, intangible assets, property and equipment, and ROU lease assets, are recorded at cost. Fair value adjustments are made to these non-financial assets in the period an impairment charge is recognized. In fiscal year 2024, the Company recognized impairment charges of \$ 2.5 million on ROU lease assets and \$ 1.8 million on property and equipment which are recorded in selling, general and administrative in the Consolidated Statements of Operations and Comprehensive Income. Fair value of these assets was determined using discounted cash flow models based on significant unobservable inputs, including projected store-level cash flows, discount rates and market rental data. Accordingly, the fair value of these assets are classified as Level 3 within the fair value hierarchy.

Other fair value disclosures

The fair value of the Company's Senior Secured Notes, based on Level 1 inputs, was \$ 467.6 million and \$ 525.5 million at December 28, 2024 and December 30, 2023, respectively. The fair value of borrowings under the Company's Senior Secured Credit Facilities approximate their carrying value as the current rates approximate rates on similar debt and were based on rate notices provided by the Administrative Agent (Level 2 inputs) at December 28, 2024 and December 30, 2023.

Note 9. Leases

The components of total lease costs, net, consisted of the following:

(in thousands)	Fiscal Year		
	2024	2023	2022
Operating lease costs	\$ 132,173	\$ 119,908	\$ 114,788
Short-term and variable lease costs	53,191	41,559	48,812
Sublease income	(2,452)	(2,703)	(2,510)
Finance lease costs:			
Amortization of lease assets	1,725	1,152	—
Interest on lease obligations	587	247	—
Total lease costs, net	\$ 185,224	\$ 160,163	\$ 161,090

The maturities of our lease obligations at December 28, 2024 were as follows:

(in thousands)	Operating Leases	Finance Leases	Total
2025	\$ 124,729	\$ 2,758	\$ 127,487
2026	120,471	2,454	122,925
2027	105,375	1,981	107,356
2028	83,979	1,315	85,294
2029	77,293	1,241	78,534
Thereafter	282,647	1,108	283,755
Total undiscounted payments	794,494	10,857	805,351
Less: Interest	232,342	2,384	234,726
Present value of lease obligations	\$ 562,152	\$ 8,473	\$ 570,625

Supplemental cash flow information related to leases is as follows:

(in thousands)	Fiscal Year		
	2024	2023	2022
Cash paid for amounts included in the measurement of lease obligations			
Operating cash flows for operating leases	\$ 123,945	\$ 112,139	\$ 105,359
Operating cash flows for finance leases	587	247	—
Financing cash flows for finance leases	1,615	1,526	—
Noncash investing activities			
Assets obtained in exchange for new operating lease obligations	\$ 160,348	\$ 145,206	\$ 70,425
Assets obtained in exchange for new finance lease obligations	4,738	3,517	—

Supplemental balance sheet information related to leases is as follows:

	December 28, 2024		December 30, 2023	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted average remaining lease term (years)	7.68	4.70	6.94	1.50
Weighted average discount rate	8.62 %	8.65 %	8.53 %	5.16 %

Note 10. Derivative Financial Instruments

As a result of its operating and financing activities, the Company is exposed to market risks from changes in foreign currency exchange rates and interest rates. These market risks may adversely affect the Company's operating results, cash flows and financial position. The Company seeks to manage risk from changes in foreign currency exchange rates through the use of forward contracts or cross currency swaps or both, and from time to time, may use interest rate swaps to manage the risk of changes in interest rates. The Company's forward contracts are not collateralized and are entered into with large, reputable financial institutions that are monitored for counterparty risk. Refer to Note 8 for additional information on the fair value of our derivative financial instruments.

Foreign currency contracts

The Company operates in foreign countries, which exposes it to market risk associated with foreign currency exchange rate fluctuations. The Company uses forward contracts to manage its exposure to fluctuations in the U.S. dollar ("USD") – Canadian dollar ("CAD") and may also use cross currency swaps for the same reason. Forward contracts lock in the exchange rate for a portion of the estimated cash flows of the Company's Canadian operations. As of December 28, 2024 and December 30, 2023, the Company's forward contracts had USD equivalent gross notional amounts of \$ 102.5 million and \$ 33.2 million, respectively. In April 2024, the Company terminated its cross currency swaps, resulting in net proceeds of \$ 28.1 million. These cross currency swaps were not designated in hedging relationships. Cross currency swaps with notional amounts of \$ 275.0 million were outstanding at December 30, 2023.

Interest rate swap contracts

The Company's market risk is affected by changes in interest rates. The Company's Senior Secured Credit Facilities bear interest based on market rates plus an applicable margin. Because the interest rate on the Company's floating-rate debt is tied to market rates, the Company may from time to time manage its exposure to interest rate movements by effectively converting a portion of its floating-rate debt to fixed-rate debt using interest rate swaps. Interest rate swaps, as used by the Company, involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The Company previously entered into two interest rate swaps that were designated as cash flow hedges. In April 2024, the Company terminated its interest rate swaps, resulting in net proceeds of \$ 10.3 million. All amounts deferred into accumulated other comprehensive income prior to termination will be amortized to interest expense through May 2025, being the original maturity date of the interest rate swaps. Interest rate swaps with notional amounts of \$ 275.0 million were outstanding at December 30, 2023.

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

<i>(in thousands)</i>	Balance Sheet Location	December 28, 2024	December 30, 2023
Derivatives not designated as hedging instruments:			
Forward contracts	Derivative asset – current	\$ 4,574	\$ —
Cross currency swaps	Derivative asset – non-current	—	20,831
Total derivatives in an asset position		\$ 4,574	\$ 20,831
Forward contracts	Accounts payable and accrued liabilities	\$ —	\$ 384
Cross currency swaps	Accounts payable and accrued liabilities	—	466
Total derivatives in a liability position		\$ —	\$ 850
Derivatives designated as hedging instruments:			
Interest rate swaps	Derivative asset – current	\$ —	\$ 7,691
Interest rate swaps	Derivative asset – non-current	—	2,688
Total derivatives in an asset position		\$ —	\$ 10,379
Total deferred gain	Accumulated other comprehensive income	\$ 4,432	\$ 13,045

The impact of derivative financial instruments on the Consolidated Statements of Operations and Comprehensive Income was as follows:

<i>(in thousands)</i>	Fiscal Year		
	2024	2023	2022
Gain (loss) on forward contracts recognized in (loss) gain on foreign currency, net	\$ 5,401	\$ (373)	\$ 802
Gain (loss) on cross currency swaps recognized in (loss) gain on foreign currency, net	\$ 7,647	\$ (2,770)	\$ 8,416
Gain on interest rate swaps recognized in interest expense, net	\$ 10,977	\$ 11,110	\$ 2,169

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

<i>(in thousands)</i>	Fiscal Year		
	2024	2023	2022
Gain recognized in other comprehensive (loss) income	\$ 2,364	\$ 3,141	\$ 20,678
Gain reclassified from accumulated other comprehensive income into net income	\$ 10,977	\$ 11,110	\$ 2,205

Amounts reclassified from accumulated other comprehensive income into net income are recognized in interest expense, net in the Consolidated Statements of Operations and Comprehensive Income. Within the next 12 months, the Company estimates that an additional \$ 4.4 million of gains recognized within accumulated other comprehensive income will be reclassified as a decrease in interest expense, net.

Note 11. Segments

The Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), assesses segment performance and makes resource allocation decisions based on the geographies in which it conducts its retail operations, and separately for its wholesale operations, each of which represents an operating segment. For disclosure purposes, U.S. Retail and Canada Retail were determined to be reportable segments. Neither the Company's retail operations in Australia nor its wholesale operations meet the quantitative thresholds to be reported separately and since they do not share similar economic characteristics, they have been combined and disclosed within Other.

The Company's CODM assesses segment performance and makes resource allocation decisions primarily based on weekly, monthly and quarterly reports that focus predominantly on segment net sales, the drivers of segment net sales, and key non-financial operating metrics by segment. These weekly, monthly and quarterly reports compare actual segment performance against performance in the comparative period in the prior year, against budget, against forecast, or as a trend over time, or any combination of the foregoing. Collectively, these factors provide the CODM with insight into segment profitability. The Company's CODM is provided with segment profit as well as significant segment expenses on a recurring basis.

General corporate expenses include unallocated corporate overhead recorded in salaries, wages and benefits, and selling, general and administrative in the Consolidated Statements of Operations and Comprehensive Income.

Segment profit may not be comparable to similarly titled measures used by other entities. These measures should not be considered as alternatives to our GAAP measures of operating income, net income or cash flows from operating activities as an indicator of the Company's performance or as a measure of its liquidity.

Our segment results are presented in the tables below. In each table, "Other profit" is attributable to the Australia Retail and Wholesale operating segments which have been combined.

(in thousands)	Fiscal Year 2024		
	U.S. Retail	Canada Retail	Total
Segment sales	\$ 832,581	\$ 586,971	\$ 1,419,552
Segment expenses:			
Cost of merchandise sold, exclusive of depreciation and amortization	375,417	239,138	614,555
Salaries, wages and benefits	117,034	70,534	187,568
Selling, general and administrative	152,897	112,163	265,060
Total segment expenses	645,348	421,835	1,067,183
Segment profit	\$ 187,233	\$ 165,136	352,369
<i>Reconciliation of profit</i>			
Other profit			36,059
General corporate expenses			188,709
Depreciation and amortization			69,530
Operating income			130,189
Interest expense, net			(62,444)
Loss on foreign currency, net			(14,294)
Other income, net			71
Loss on extinguishment of debt			(4,088)
Income before income taxes			\$ 49,434

(in thousands)	Fiscal Year 2023		
	U.S. Retail	Canada Retail	Total
Segment sales	\$ 780,126	\$ 605,630	\$ 1,385,756
Segment expenses:			
Cost of merchandise sold, exclusive of depreciation and amortization	336,164	233,054	569,218
Salaries, wages and benefits	107,670	72,638	180,308
Selling, general and administrative	138,146	110,039	248,185
Total segment expenses	581,980	415,731	997,711
Segment profit	\$ 198,146	\$ 189,899	388,045
<i>Reconciliation of profit</i>			
Other profit			39,572
General corporate expenses			224,616
Depreciation and amortization			61,144
Operating income			141,857
Interest expense, net			(88,500)
Gain on foreign currency, net			6,660
Other income, net			3,688
Loss on extinguishment of debt			(16,626)
Income before income taxes			\$ 47,079

	Fiscal Year 2022		
	U.S. Retail	Canada Retail	Total
<i>(in thousands)</i>			
Segment sales	\$ 747,397	\$ 582,944	\$ 1,330,341
Segment expenses:			
Cost of merchandise sold, exclusive of depreciation and amortization	317,537	219,802	537,339
Salaries, wages and benefits	109,272	79,057	188,329
Selling, general and administrative	138,924	110,168	249,092
Total segment expenses	565,733	409,027	974,760
Total segment profit	\$ 181,664	\$ 173,917	355,581
<i>Reconciliation of profit</i>			
Other profit			33,395
General corporate expenses			126,997
Depreciation and amortization			55,753
Operating income			206,226
Interest expense, net			(64,744)
Loss on foreign currency, net			(20,737)
Other income, net			4,576
Loss on extinguishment of debt			(1,023)
Income before income taxes			\$ 124,298

We do not separately present assets for our reportable segments because the Company's CODM is not provided these amounts. The Company's long-lived assets are primarily located in the U.S. and Canada, with a portion located in Australia. Long-lived assets consist of property and equipment, ROU lease assets and charity licensing agreements. The following table disaggregates our long-lived assets by location:

<i>(in thousands)</i>	December 28, 2024	December 30, 2023
U.S.	\$ 527,126	\$ 453,446
Canada	297,479	302,322
Australia	38,960	21,043
Total long-lived assets	\$ 863,565	\$ 776,811

The following table reconciles total reportable segment net sales to consolidated net sales. "Other sales" is attributable to the Australia Retail and Wholesale operating segments which have been combined.

(in thousands)	Fiscal Year		
	2024	2023	2022
Total segment sales	\$ 1,419,552	\$ 1,385,756	\$ 1,330,341
Other sales	118,065	114,493	106,888
Total net sales	\$ 1,537,617	\$ 1,500,249	\$ 1,437,229

The following table disaggregates the Company's net sales by geography, based on the location of the Company's customers:

(in thousands)	Fiscal Year		
	2024	2023	2022
U.S.	\$ 850,887	\$ 799,619	\$ 771,884
Canada	602,257	622,690	598,451
Australia	43,852	41,268	34,768
Rest of world	40,621	36,672	32,126
Total net sales	\$ 1,537,617	\$ 1,500,249	\$ 1,437,229

Note 12. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of shares outstanding during the period. Diluted net income per share gives effect to all potentially dilutive common equivalent shares outstanding for the period under the treasury stock method.

Basic and diluted net income per share were as follows:

(in thousands, except per share data)	Fiscal Year		
	2024	2023	2022
Numerator			
Net income	\$ 29,030	\$ 53,115	\$ 84,720
Denominator			
Basic weighted average shares outstanding	160,911	151,027	141,561
Dilutive effect of employee stock options and awards	5,795	5,129	4,488
Diluted weighted average shares outstanding ⁽¹⁾	166,706	156,156	146,049
Net income per share			
Basic	\$ 0.18	\$ 0.35	\$ 0.60
Diluted	\$ 0.17	\$ 0.34	\$ 0.58

⁽¹⁾ For fiscal years 2024, 2023 and 2022, the calculation of diluted net income per share excludes the effect of 3.1 million, 0.8 million and 0.6 million, respectively, of potential shares of common stock because the effect of including these potential shares was antidilutive.

Note 13. Stock-Based Compensation

2019 Management Incentive Plan

On March 28, 2019, the Company adopted the 2019 Management Incentive Plan (the "2019 Plan") which allows for the issuance of stock options to directors, officers, key employees and other key individuals. Stock options awarded under the 2019 Plan contain both service and performance conditions. Awards issued under the 2019 Plan have a 10-year contractual term. In connection with the adoption of the Omnibus Incentive Compensation Plan (as defined below), the Company ceased issuing awards under the 2019 Plan. As a result, no shares remain available for issuance under the 2019 Plan; however, the 2019 Plan continues to govern awards that are outstanding under it. As of December 28, 2024, 12.7 million shares remain outstanding under the 2019 Plan.

Omnibus Incentive Plan

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

The Omnibus Incentive Plan allows for issuance of up to 15.0 million new shares of common stock. In addition, should any awards under the 2019 Plan expire, terminate or be canceled, the shares of common stock underlying those awards will become available for issuance under the Omnibus Incentive Plan. Awards under the Omnibus Incentive Plan may be in the form of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, other stock-based awards and cash awards. Awards issued under the Omnibus Incentive Plan have a maximum contractual term of 10 years. As of December 28, 2024, there were 14.6 million shares available for future issuance under the Omnibus Incentive Plan.

Stock-based compensation

The Company classifies stock-based compensation expense in salaries, wages and benefits in the Consolidated Statements of Operations and Comprehensive Income. The Company recognized stock-based compensation expense of \$ 61.6 million, \$ 72.6 million and \$ 1.9 million during fiscal years 2024, 2023 and 2022, respectively. The total tax benefit associated with stock-based compensation for fiscal years 2024, 2023 and 2022 was \$ 6.0 million, \$ 7.2 million and \$ 0.4 million, respectively.

Time-based options

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

The following assumptions apply to time-based options awarded during fiscal years 2024, 2023 and 2022 under the Black-Scholes-Merton option pricing model:

	Fiscal Year		
	2024	2023	2022
Expected volatility	35.9 % to 43.0 %	35.4 % to 35.7 %	32.7 % to 39.8 %
Risk-free interest rate	3.9 % to 4.3 %	3.4 % to 4.2 %	1.8 % to 3.6 %
Expected term (in years)	6.0 to 6.5	6.5	6.5

The dividend yield assumption is zero . Although the Company paid a cash dividend in February 2023 and December 2022, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of time-based stock options awarded during fiscal years 2024, 2023 and 2022 was \$ 9.26 , \$ 6.01 and \$ 5.70 , respectively.

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

The following table summarizes activity related to time-based options:

<i>(in thousands, except per share amounts and remaining term)</i>		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
	Number of Options			
Outstanding at December 30, 2023	7,530	\$ 5.99	6.93	\$ 85,774
Granted	527	19.08		
Exercised	(1,420)	2.23		
Forfeited or expired	(691)	14.52		
Outstanding at December 28, 2024	5,946	7.06	6.30	29,842
Exercisable at December 28, 2024	3,900	3.77	5.47	27,419

The total intrinsic value of time-based options exercised during fiscal years 2024, 2023 and 2022 was \$ 21.8 million, \$ 2.6 million and \$ 0.9 million, respectively. As of December 28, 2024, unrecognized compensation expense related to outstanding time-based options was \$ 9.8 million, which is expected to be recognized over a weighted average remaining vesting period of 2.93 years.

Performance-based options

Stock option awards containing a performance condition ("performance-based options") vest in 25 % increments as performance conditions are achieved through the term of the options. Twenty-five percent of outstanding performance-based options vested upon completion of the Company's IPO, with the remainder scheduled to vest in equal increments over three years starting on June 30, 2024 provided market-specific conditions, including stock price performance, are achieved. The vesting of performance-based options is subject to continued employment through the vesting date. To the extent that the requisite service is rendered, compensation cost for accounting purposes is not reversed; rather, it is recognized regardless of whether the market-specific conditions are achieved. The Company accounts for forfeitures of performance-based options as they occur.

In October 2022, May 2023 and on July 2, 2023, the Company modified the vesting terms of its performance-based options to reflect the vesting terms above. The Company determined that the modified vesting terms constituted modifications under Topic 718 and thus remeasured the fair value of the outstanding performance-based options as of their respective modification dates. Forty-one grantees were affected by the modifications that occurred in October 2022, May 2023 and on July 2, 2023. A Black-Scholes-Merton option pricing model was used to determine the grant-date fair value of the performance-based options that were tied to the Company's IPO and a Monte Carlo simulation under the option pricing framework was used to determine the grant-date fair value of the performance-based options subject to market-specific conditions.

During fiscal years 2024 and 2023, we recognized \$ 51.3 million and \$ 38.8 million, respectively, of expense related to amortization of the remaining outstanding performance-based options that are recognized on a graded vesting basis over their expected vesting period. During fiscal year 2023, we also recognized \$ 28.0 million of expense related to performance-based options that vested upon completion of our IPO.

Black-Scholes-Merton option pricing model

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

	Fiscal Year	
	2023	2022
Expected volatility	35.5 %	35.1 %
Risk-free interest rate	3.5 %	3.8 %
Expected term (in years)	6.5	6.5

The dividend yield assumption is zero . Although the Company paid a cash dividend in February 2023 and December 2022, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of performance-based stock options modified during fiscal years 2023 and 2022 was \$ 16.32 and \$ 13.51 , respectively.

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

Monte Carlo simulation

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

	Fiscal Year
	2023
Expected volatility	35.0 %
Risk-free interest rate	3.55 % to 3.74 %
Expected term (in years)	3.1 to 6.6

The dividend yield assumption is zero . Although the Company paid a cash dividend in February 2023 and December 2022, the Company has no history of making regular dividends, nor does it anticipate paying any cash dividends in the foreseeable future.

The weighted average grant-date fair value of performance-based stock options modified during July 2023 was \$ 21.18 .

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

The following table summarizes activity related to performance-based options:

<i>(in thousands, except per share amounts and remaining term)</i>		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at December 30, 2023	7,948	\$ 2.05	5.78	\$ 121,750
Exercised	(365)	1.66		
Forfeited or expired	(338)	1.61		
Outstanding at December 28, 2024	7,245	2.10	5.07	59,455
Exercisable at December 28, 2024	3,516	2.12	5.07	28,813

The total intrinsic value of performance-based options exercised during fiscal year 2024 was \$ 4.1 million. No performance-based options were exercised during fiscal years 2023 and 2022. The Company did not award performance-based options during fiscal years 2024, 2023 or 2022. As of December 28, 2024, unrecognized compensation expense related to outstanding performance-based options was \$ 29.0 million, which is expected to be recognized over a weighted average remaining vesting period of 1.5 years.

Restricted Stock Units

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

The following table summarizes activity related to RSUs as of December 28, 2024:

<i>(in thousands, except per share amounts)</i>	Number of Units	Weighted Average Grant- Date Fair Value Per Share
Unvested at December 30, 2023	547	\$ 22.81
Granted	565	18.59
Vested	(186)	22.66
Forfeited	(87)	21.56
Unvested at December 28, 2024	839	20.13

As of December 28, 2024, unrecognized compensation expense related to outstanding RSUs was \$ 12.4 million, which is expected to be recognized over a weighted average remaining vesting period of 2.2 years.

Note 14. Share Repurchases

During fiscal year 2024, under our \$ 50.0 million share repurchase program announced in November 2023, we repurchased 3.2 million shares at a weighted average price of \$ 9.95 and a total cost of \$ 31.9 million, of which \$ 0.3 million was paid subsequent to December 28, 2024. As of December 28, 2024, we had \$ 18.1 million remaining under the share repurchase program. The share repurchase program does not obligate us to purchase any minimum number of shares, and the program may be suspended, modified, or discontinued at any time without prior notice. The timing, actual number and value of any additional shares purchased will depend on a variety of factors, including, but not limited to, the market price of the Company's common stock, general business and market conditions, other investment opportunities, and applicable regulatory requirements.

Note 15. Income Taxes

Income before income taxes consisted of the following:

<i>(in thousands)</i>	Fiscal Year		
	2024	2023	2022
U.S. operations	\$ 32,767	\$ (2,940)	\$ 103,902
Foreign operations	16,667	50,019	20,396
Income before income taxes	<u>\$ 49,434</u>	<u>\$ 47,079</u>	<u>\$ 124,298</u>

Components of income tax expense (benefit) are summarized as follows:

<i>(in thousands)</i>	Fiscal Year		
	2024	2023	2022
Current:			
U.S. - federal	\$ 21,749	\$ 8,280	\$ 354
U.S. - state	5,579	6,232	3,279
Foreign	24,360	14,838	15,401
Deferred:			
U.S. - federal	(18,733)	(19,480)	16,934
U.S. - state	(4,476)	(13,156)	4,074
Foreign	(8,075)	(2,750)	(464)
Income tax expense (benefit)	<u>\$ 20,404</u>	<u>\$ (6,036)</u>	<u>\$ 39,578</u>

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows for the consolidated taxable entities at December 28, 2024 and December 30, 2023:

<i>(in thousands)</i>	December 28, 2024	December 30, 2023
Deferred tax assets:		
Lease liability	\$ 147,676	\$ 129,486
Deferred interest	20,366	16,116
Deferred payroll	14,148	13,062
Unrealized foreign exchange loss	8,940	4,033
Sec. 267 deferred basis	8,466	8,493
Insurance reserves	5,141	4,935
Partnership tax deferral	4,601	—
Capitalized research and development	4,413	2,894
Net operating loss carryforwards	1,281	1,142
Other	6,430	3,653
Deferred tax assets, exclusive of valuation allowance	221,462	183,814
Less: valuation allowance	10,263	5,927
Deferred tax assets, net of valuation allowance	211,199	177,887
Deferred tax liabilities:		
ROU lease asset	142,245	125,937
Trade names and trademarks	28,556	28,753
Property and equipment depreciation	17,197	19,407
Charity licensing agreements	10,490	12,418
Inventory	3,397	3,116
Leasehold interests	2,386	3,856
Unrealized foreign exchange gain	113	4,405
Partnership tax deferral	—	2,037
Other	3,014	5,867
Deferred tax liabilities	207,398	205,796
Deferred tax assets (liabilities), net	\$ 3,801	\$ (27,909)

As of December 28, 2024 and December 30, 2023, the Company did not have U.S. federal net operating loss carryforwards and had \$ 11.4 million and \$ 11.5 million, respectively, of U.S. state net operating loss carryforwards. These net operating loss carryforwards expire between 2028 and 2041. As of December 28, 2024, the Company had \$ 0.3 million of federal foreign tax credit, no federal R&D credits and no other federal tax credits. As of December 30, 2023, the Company had \$ 0.3 million federal foreign tax credit, no federal R&D tax credits and no other federal tax credits.

Section 382 of the Internal Revenue Code and similar state regulations, contain provisions that may limit certain tax attributes available to be used to offset income in any given year upon the occurrence of certain events, including changes in the ownership within the meaning of Section 382.

The Company maintains a valuation allowance of \$ 6.7 million and \$ 3.6 million related to its Canadian and Australian operations, respectively. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts that are more-likely-than-not expected to be realized. Management evaluates and weighs all available positive and negative evidence such as historic results, projected future taxable income, future reversals of existing deferred tax liabilities, as well as prudent and feasible tax-planning strategies. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are utilizable, we believe it is more likely than not that the Company will realize the net benefits of its deferred tax assets, other than the deferred tax assets related to the unrealized foreign exchange loss in Canada and deferred tax assets in Australia for which a valuation allowance has been maintained due to uncertainties relating to their realization.

The differences between income taxes expected by applying the 21% U.S. federal statutory tax rate and the amount of income taxes provided for are as follows:

(in thousands)	Fiscal Year		
	2024	2023	2022
Tax expense at statutory rate	\$ 10,381	\$ 9,887	\$ 26,103
Increase (decrease) in income taxes resulting from:			
Change in valuation allowance	7,348	(2,996)	4,068
Section 162(m) limitation	6,648	11,229	—
Foreign rate differential	3,720	2,623	—
Withholding taxes	1,619	2,279	1,687
State taxes net of federal benefit	871	4,519	5,844
Tax impact of restructuring ⁽¹⁾	—	(31,340)	—
Impact of foreign currency translations	(619)	(1)	(67)
Change in tax rate	(878)	4	—
Stock-based compensation	(1,130)	1,590	(140)
GILTI / FDII ⁽²⁾	(1,493)	(1,603)	(1,114)
Change in uncertain tax positions	(1,681)	—	—
Prior year true-up	(2,236)	4,205	(509)
Tax credits	(2,492)	(3,741)	(2,571)
Other	346	(2,691)	6,277
Income tax expense (benefit)	\$ 20,404	\$ (6,036)	\$ 39,578

⁽¹⁾ In October 2023 the Company underwent an internal legal entity restructuring.

⁽²⁾ GILTI and FDII refer to Global Intangible Low-Taxed Income and Foreign-Derived Intangible Income, respectively.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

(in thousands)	Fiscal Year		
	2024	2023	2022
Beginning gross unrecognized tax benefits	\$ 1,912	\$ 1,912	\$ 1,912
Increase related to prior year tax position	138	—	—
Decrease related to prior year tax position	(1,819)	—	—
Ending gross unrecognized tax benefits	\$ 231	\$ 1,912	\$ 1,912

In the normal course of business, the Company is subject to examination by taxing authorities in the countries in which it operates. As of December 28, 2024 the operations for tax years 2021 to 2024 remain subject to examination in the US federal jurisdiction, and the operations for tax years 2020 to 2024 remain subject to examination in Canada, Australia, and most US state jurisdictions. Although the outcome of tax audits is always uncertain, the Company has assessed the probable outcomes and potential exposure and believes that it has provided adequate amounts of tax, interest and penalties for any adjustments that may arise from these open tax years. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense (benefit) in the Consolidated Statements of Operations and Comprehensive Income.

In October 2023, the Company went through an internal legal entity restructuring. As a result of the restructuring, the Company's deferred tax liability on the outside basis difference in these partnerships was reduced from \$ 42.0 million as of December 31, 2022, to zero as of December 30, 2023 and December 28, 2024.

As of December 30, 2023, the Company adjusted its deferred tax assets and liabilities to account for the basis differences related to the assets it received in the distribution noted above, including Internal Revenue Code Section 732 basis adjustments to the distributed property. Deferred taxes are not recorded for the distributed non-deductible goodwill. As of December 30, 2023, the Company recognized a deferred tax benefit of \$ 31.3 million for the reduction of the partnership outside basis difference deferred tax liability, combined with any deferred tax assets and deferred tax liabilities recognized on the distributed property.

As of December 28, 2024, the Company had not recognized a deferred tax liability on the excess of the amount for financial reporting over the tax basis in the stock of certain foreign subsidiaries that is essentially permanent in duration. This amount becomes taxable upon a repatriation of assets from the subsidiaries or a disposal of the subsidiaries. It is not practicable to determine the amount of the related unrecognized deferred income tax liability.

The Organization for Economic Cooperation and Development ("OECD") proposed model rules to ensure a minimal level of taxation (commonly referred to as Pillar II) and the European Union member states have agreed to implement Pillar II's proposed global corporate minimum tax rate of 15%. Many countries are actively considering, have proposed or have enacted, changes to their tax laws based upon the Pillar II proposals. To mitigate the administrative burden for multinational enterprises in complying with the OECD Global Anti-Base Erosion rules during the initial years of implementation, the OECD developed the temporary "Transitional Country-by-Country Safe Harbor." We considered the applicable tax law changes from Pillar II implementation in the relevant countries in which we operate, and there is no material impact to our tax provision for fiscal year 2024. We will continue to evaluate the impact of these tax law changes in future reporting periods.

Note 16. Commitments and Contingencies

Litigation and regulatory matters

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

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act) as of December 28, 2024. Based on the evaluation of the design and operation of our disclosure controls and procedures, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of December 28, 2024 due to the material weakness in our internal control over financial reporting as described below. In light of this fact, our management has performed additional analyses, reconciliations, and other procedures and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the financial statements for the periods covered by and included in this Annual Report fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting in accordance with applicable rules and guidance. The Company's management, with participation of the CEO and CFO, under the oversight of our board of directors, evaluated the effectiveness of the Company's internal control over financial reporting as of December 28, 2024 using the framework in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that the Company's internal control over financial reporting was not effective as of December 28, 2024 due to the material weakness in internal control over financial reporting, described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. There were ineffective information technology general controls (ITGCs) in the areas of user access and program change-management over certain information technology (IT) systems that support the Company's financial reporting processes. These control deficiencies were a result of: IT control processes lacked sufficient documentation; insufficient training and accountability of certain individuals with IT expertise; and inadequate risk-assessment processes to identify and assess changes in IT environments and controls that could impact internal control over financial reporting. As a result, process level automated controls that are dependent on the affected IT environment and manual controls that rely on system-generated data or reports from the affected IT environment were ineffective because they could have been adversely impacted.

The control deficiencies did not result in any material misstatements to the consolidated financial statements and there were no changes to previously released financial results as a result of this material weakness. However, the control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. Therefore, we concluded that the deficiencies represent a material weakness in the Company's internal control over financial reporting.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Management's Remediation Activities

Remediation plan for material weakness in Internal Control over Financial Reporting

To address the material weakness over ITGCs, we have initiated and continue to execute on a plan to establish more robust processes to support our operating effectiveness of ITGCs, which includes the addition of information systems compliance personnel. In addition, we have engaged external advisors who are assisting in strengthening our ITGCs.

Remediation of Previously Identified Material Weaknesses in Internal Control Over Financial Reporting

We previously disclosed in our Annual Report on Form 10-K for the year ended December 30, 2023, the following material weaknesses: (i) the sufficiency of technical accounting and SEC reporting expertise within our accounting and financial reporting function and (ii) the establishment and documentation of clearly defined roles within our finance and accounting functions.

In response, our management team implemented remediation steps to address the previously disclosed material weaknesses. We executed a plan to establish more robust processes to support our internal control over financial reporting, including the documentation of clearly defined roles and responsibilities. We hired more qualified personnel including a director of internal audit, a manager of internal audit, a director of SEC reporting, and a senior manager of SEC reporting. In addition, we engaged external advisors who provided financial accounting assistance. Finally, we delivered training on internal control over financial reporting throughout the accounting organization. Based on the steps implemented, management concluded that we have remediated the previously disclosed material weaknesses as of December 28, 2024.

Changes in Internal Control over Financial Reporting

Other than the remediation of the material weaknesses noted above, there was no change in our internal controls over financial reporting, as defined under Rule 13a-15(f) under the Exchange Act, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitations Over Internal Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our control systems are designed to provide such reasonable assurance of achieving their objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.



KPMG LLP
Suite 600
205 North 10th Street
Boise, ID 83702-5798

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Savers Value Village, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Savers Value Village, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 28, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 28, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 28, 2024 and December 30, 2023, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022 and the related notes (collectively, the consolidated financial statements), and our report dated February 21, 2025 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness resulting from ineffective information technology general controls in the areas of user access and program change-management over information technology systems that support the Company's financial reporting processes was identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

KPMG LLP, a Delaware limited liability partnership and a member firm of
the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.



We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Boise, Idaho
February 21, 2025

Item 9B. Other Information

Rule 10b5-1 Plan Elections

During the fourth quarter of 2024, no executive officer or director adopted or terminated any contracts, instructions or written plans for the purchase or sale of our securities, which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan").

Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our directors and nominees for directorship is presented under the headings “Nominees for Election”, “Directors Continuing in Office” and “Director Qualifications” in our definitive proxy statement for use in connection with our 2025 Annual Meeting of Stockholders (the “Proxy Statement”) that will be filed within 120 days after our fiscal year ended December 28, 2024 and is incorporated herein by this reference thereto. Information concerning our executive officers is set forth under the heading “Executive Officers” in our Proxy Statement and is incorporated herein by reference to this Form 10-K.

Information regarding compliance with Section 16(a) of the Exchange Act, our code of conduct and ethics and certain information related to the Company’s Audit Committee, Compensation Committee and Nominating, Governance & Sustainability Committee is set forth under the heading “Corporate Governance” in our Proxy Statement, and is incorporated herein by reference to this Form 10-K.

We have adopted an Insider Trading Policy governing the purchase, sale and/or other dispositions of our securities by our directors, officers and employees that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to us. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Item 11. Executive Compensation

Information regarding the compensation of our directors and executive officers and certain information related to the Company’s Compensation Committee is set forth under the headings “Compensation Discussion and Analysis”, “Compensation Tables”, and “Director Compensation,” in our Proxy Statement, and is incorporated herein by reference to this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

Information with respect to security ownership of certain beneficial owners and management is set forth under the headings “Equity Compensation Plan Information” and “Stock Ownership” in our Proxy Statement, and is incorporated herein by reference to this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions and director independence is presented under the heading “Corporate Governance” in our Proxy Statement, and is incorporated herein by reference to this Form 10-K.

Item 14. Principal Accounting Fees and Services

Information concerning principal accounting fees and services is presented under the heading “Auditor Fees” in our Proxy Statement, and is incorporated herein by reference to this Form 10-K.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Report.

(1) The following consolidated financial statements are contained in Item 8:

Consolidated Financial Statements	Page in this Report
Report of KPMG, independent registered public accounting firm (Public Company Accounting Oversight Board ID: 185)	65
Consolidated Statements of Operations and Comprehensive Income	67
Consolidated Balance Sheets	68
Consolidated Statements of Stockholders' Equity	69
Consolidated Statements of Cash Flows	70
Notes to Consolidated Financial Statements	71

(2) The following Financial Statement Schedules are included herein:

Schedules are not submitted because they are not applicable, not required or because the required information is included in the financial statements or the notes thereto.

(3) The following exhibits are filed as part of this report:

Exhibit Number	Description of Document	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Company	8-K	3.1	7/3/2023	
3.2	Amended and Restated Bylaws of the Company	8-K	3.2	7/3/2023	
4.1	Amended of Restated Stockholders Agreement, dated as of July 3, 2023, by and among the Company and the other parties named therein	10-Q	4.1	8/11/2023	
4.2	Registration Rights Agreement, dated as of July 3, 2023, by and among the Company and the other parties named therein	8-K	10.1	7/3/2023	
4.3	Indenture, dated as of February 6, 2023, by and among Evergreen AcqCo 1 LP, TVI, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee.	S-1/A	4.3	2/8/2023	
4.4	Description of Securities	10-K	4.4	3/8/2024	
10.1	Form of Indemnification Agreement	S-1/A	10.1	5/11/2023	
10.2	Fourth Amendment to Credit Agreement, dated as of June 27, 2024, by and among Evergreen Acqco 1 LP, as US Borrower, Value Village Canada Inc., as Canadian Borrower, S-Evergreen Holding Corp., as Holdings, Evergreen Acqco GP LLC, as Holdings GP, the other Guarantors party thereto, KKR Loan Administration Services LLC, as Administrative Agent and Collateral Agent and PNC Bank, National Association, as revolving agent (Conformed Agreement Included Herein).	8-K	10.1	6/28/2024	

		Incorporated by Reference			
10.3	Agreement for the Design, Manufacturing and Commissioning of a Centralized Processing Center CPC, dated as of July 24, 2020, by and between the Registrant and the other party named therein.	S-1	10.4	12/22/2021	
10.4	Agreement for the Design, Manufacturing and Commissioning of a Books and Media Processing System, dated as of September 22, 2020, by and between the Registrant and the other party named therein.	S-1	10.5	12/22/2021	
10.5#	Omnibus Incentive Compensation Plan	S-1/A	10.7	5/11/2023	
10.6#	Form of Option Agreement under the Omnibus Incentive Compensation Plan	S-1/A	10.8	5/11/2023	
10.7#	Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan	S-1/A	10.9	5/11/2023	
10.8#	2024 Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan	10-Q	10.2	5/10/2024	
10.9#	2024 Form of Option Agreement under the Omnibus Incentive Compensation Plan	10-Q	10.3	5/10/2024	
10.10#	Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan for Non-Employee Directors	10-Q	10.4	5/10/2024	
10.11#	Form of Restricted Stock Unit Agreement under the Omnibus Incentive Compensation Plan for 2025 Bonus Awards				X
10.12#	2019 Management Incentive Plan	S-1/A	10.10	5/11/2023	
10.13#	Form of Option Agreement under the 2019 Management Incentive Plan	S-1/A	10.11	5/11/2023	
10.14#	Employment Agreement by and between the Company and Mark Walsh	S-1/A	10.12	5/11/2023	
10.15#	Form of Executive Employment Agreement				X
10.16#	Non-Qualified Deferred Compensation Plan	S-1/A	10.14	5/11/2023	
10.17#	Form of Annual Bonus Plan	S-1/A	10.15	5/11/2023	
19.1	Insider Trading Policy				X
21.1	Subsidiaries	10-K	21.1	3/8/2024	
23.1	Consent of KPMG LLP, independent registered public accounting firm.				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)				X
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)				X
97.1	Incentive Compensation Recoupment Policy of Savers Value Village, Inc.	10-K	97.1	3/8/2024	

Incorporated by Reference

101	The following financial statements from the Company's Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2024, formatted in Inline XBRL (included within Exhibit 101).

Indicates management contract or compensatory plan.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 21, 2025

By: /s/ Michael W. Maher
Michael W. Maher
Chief Financial Officer and Treasurer
(Principal Financial Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
<u>/s/ Mark Walsh</u> Mark Walsh	Chief Executive Officer (<i>Principal Executive Officer</i>)	February 21, 2025
<u>/s/ Michael W. Maher</u> Michael W. Maher	Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	February 21, 2025
<u>/s/ Aaron Rosen</u> Aaron Rosen	Chairman of the Board of Directors	February 21, 2025
<u>/s/ Jordan Smith</u> Jordan Smith	Director	February 21, 2025
<u>/s/ Robyn Collver</u> Robyn Collver	Director	February 21, 2025
<u>/s/ William Allen</u> William Allen	Director	February 21, 2025
<u>/s/ Duane Woods</u> Duane Woods	Director	February 21, 2025
<u>/s/ Aina Konold</u> Aina Konold	Director	February 21, 2025
<u>/s/ Kristy Pipes</u> Kristy Pipes	Director	February 21, 2025
<u>/s/ Susan O'Farrell</u> Susan O'Farrell	Director	February 21, 2025

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

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

RECITALS

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

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

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

3. Vesting.

(a) Subject to the terms of this Section 3, the Stock Units shall become vested in full on the first anniversary of the Date of Grant (the "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the Vesting Date:

(b) Notwithstanding the foregoing, the Stock Units shall become vested in full on the earliest to occur of the Participant's termination of employment as a result of the following, provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until such event:

- (i) the Participant's death;
-

(ii) the Participant's Disability;

(iii) the termination by the Employer of the Participant's employment without Cause; or

(iv) the Participant's Retirement. For purposes of this Agreement, "Retirement" shall mean the Participant's termination of employment by reason of voluntary resignation either upon or following the Participant's attainment of age 55 and 10 years of service with the Company.

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

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

5. Payment of Stock Units and Tax Withholding

(a) If and when the Stock Units vest, the Company shall issue to the Participant one Share for each vested Stock Unit, or an amount of cash equal to the value of a Share for each vested Stock Unit, or a combination of the foregoing, subject to applicable tax withholding obligations. Subject to Sections 5(b) and 14 below, payment shall be made within 30 days after the applicable Vesting Date.

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

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

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

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

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

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

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

11. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Wilmington, Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the

foregoing sentence, on and after the date a Participant receives Shares hereunder, the Participant will be subject to the jurisdiction provision set forth in the Company's bylaws.

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

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

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

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

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

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

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

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

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

21. ***[Signature Page Follows]***

22.

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

24.

25. SAVERS VALUE VILLAGE, INC.

26.

Name: Mark Walsh
Title: Chief Executive Officer

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

Date Participant

ADDENDUM A TO THE AGREEMENT

RESTRICTIVE COVENANTS

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

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

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

(c) Non-competition. The Participant hereby covenants and agrees, for the benefit of Employer that, for the Restricted Period (as defined below), the Participant will not, directly or indirectly, engage in, whether as principal, agent, officer, director, investor, consultant, stockholder, lender, partner, member, owner, sponsor, or otherwise, alone or in association with any other Person (except for ownership of no more than three percent (3%) of any class of publicly traded securities), carry on, manage, operate, finance, sponsor, or become engaged or concerned in, or otherwise take part in, a business, anywhere in the United States, or any U.S. state, Canada, or any Canadian province, or Australia, or any Australian state, (the "Territory") consisting of operating thrift retail stores and selling in such format used apparel and hard goods sourced through the purchase of donations to charitable organizations (collectively, referred to as the "Business"). The "Restricted Period" is the period of time in which the Participant is an employee of the Employer and a period of two (2) years after such termination. If any portion of the restricted geographic area in any state or province shall be adjudicated in such state or province to be invalid or unenforceable as so identified, such identification shall be deemed amended to properly reflect the largest aggregate geographic area in such state or province which

would be valid and enforceable under the laws of such state or province; provided, however, that such invalidity or unenforceability shall apply only with respect to part or all of the restricted geographic area in the particular state or province in which such adjudication is made. The Participant recognizes that the territorial and time limitations set forth in this Section (c) are reasonable, not burdensome and are properly required by law for the adequate protection of Employer.

(d) Non-solicitation.

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

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

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

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

(g) Permitted Conduct. Nothing in this Agreement shall prohibit or restrict the Participant from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by any governmental or regulatory agency, entity, or official(s) (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to the Participant individually (and not directed to the Employer) from any such Governmental Authorities; (c) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (d) making any other disclosures that are protected under the whistleblower

provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made to the Participant's attorney in relation to a lawsuit for retaliation against the Participant for reporting a suspected violation of law; or (iii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nor does this Agreement require the Participant to obtain prior authorization from the Employer before engaging in any conduct described in this paragraph, or to notify the Employer that the Participant engaged in any such conduct.

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

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

(j) Construction/Blue Pencil. The parties agree that the provisions of this Addendum A shall be enforced to the fullest extent permissible under applicable laws and public policies. Accordingly, if any term or provision of this Agreement or any portion thereof is declared illegal or unenforceable by any arbitrator or court of competent jurisdiction, such provision or portion thereof shall be deemed modified so as to render it enforceable, and to the extent such provision or portion thereof cannot be rendered enforceable, this Agreement shall be considered divisible as to such provision, which shall become null and void, leaving the remainder of this Agreement in full force and effect.

FORM OF EXECUTIVE [AMENDED AND RESTATED] EMPLOYMENT AGREEMENT

THIS [AMENDED AND RESTATED] EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between TVI, Inc. (the "Company") and «NAME» (the "Executive") as of «DATE» (the "Effective Date").

[WHEREAS, the Company and the Executive entered into an [Amended and Restated Employment Agreement], effective as of «DATE» (the "Former Agreement");]

WHEREAS, the Company and the Executive desire to [further] amend and restate the Former Agreement as set forth in this Agreement, which supersedes and replaces the Former Agreement in all respects as of the Effective Date and sets forth the terms of the Executive's employment with the Company; and

WHEREAS, the Company desires to continue to employ the Executive as its «TITLE» and the Executive desires to serve in such capacity on behalf of the Company.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Company and the Executive hereby agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall begin on the Effective Date and shall continue until the termination of the Executive's employment in accordance with this Agreement. The period commencing on the Effective Date and ending on the date on which the term of this Agreement terminates is referred to herein as the "Term." Capitalized terms used but not defined herein shall have the meanings set forth on Annex A hereto.

(b) Duties. During the Term, the Executive shall serve as the «TITLE» of the Company and shall devote the Executive's best efforts, full time, and attention to promote the business and affairs of the Company and its affiliated entities. The Executive shall report to the «MANAGER». The Executive shall perform all duties and accept all responsibilities as may be reasonably assigned to the Executive by the «MANAGER». The Executive's principal place of employment will be at the Company's offices located in «LOCATION». The Executive will be required to travel for business in the course of performing Executive's duties for the Company.

2. Compensation and Benefits.

(a) During the Term, the Company shall pay the Executive a base salary ("Base Salary") at the annual rate of \$«SALARY», which shall be paid in installments in accordance with the Company's normal payroll practices

(b) During the Term, the Executive shall be eligible for an annual bonus (an "Annual Bonus"). The target amount of the Executive's Annual Bonus is «TARGET»% of the Executive's annual Base Salary, subject to the terms of the «BONUS_PLAN» (the "Bonus Plan") and contingent upon the Company achieving the applicable performance metrics determined by the Company from time to time. The target amount of the Executive's Annual Bonus for any fiscal year during the Term shall be determined by the Company in its sole discretion.

(c) The Executive will be eligible for four (4) weeks of vacation per, in accordance with the Company's vacation policies as may be established from time to time.

(d) The Company shall reimburse the Executive for all necessary and reasonable travel (which does not include commuting) and other business expenses incurred by the Executive in the performance of the Executive's duties hereunder in accordance with such policies and procedures as the Company may adopt generally from time to time for executives.

(e) The Executive shall be eligible to participate in the Company's welfare and retirement plans and programs available to employees of the Company, pursuant to their respective terms and conditions. Nothing in this Agreement shall preclude the Company or any affiliate of the Company from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

3. Termination of Employment

(a) The Executive's employment may be terminated at any time (i) by the Company without Cause, (ii) by the Executive for Good Reason, (iii) by the Company for Cause, (iv) by the Executive without Good Reason, upon 30 days' prior written notice to the Company, (v) as a result of the Executive's Disability or (vi) as a result of the Executive's death.

(b) In the event of a termination of the Executive's employment for any reason, the Company shall pay any other amounts earned, accrued and owing but not yet paid under Section 2 above and any benefits accrued and due under any applicable benefit plans and programs of the Company ("Accrued Obligations") (in the event of the Executive's death, to the Executive's executor, legal representative, administrator or designated beneficiary), regardless of whether the Executive executes or revokes the Release, and, except as otherwise set forth in this Section 3, all payments under this Agreement shall cease, except for any Accrued Obligations, and the Company shall have no further liability or obligation under this Agreement to the Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Executive.

(c) Accrued Obligations shall not include, and the Executive shall have no right to receive, any Annual Bonus for the year in which the Executive's employment is terminated, notwithstanding any contrary terms in the Bonus Plan; provided, however, that in the event of a termination of the Executive's employment by the Company without Cause, by the Executive for Good Reason, or as a result of the Executive's death or Disability, after the completion of a fiscal year but prior to the payment of the Annual Bonus pursuant to the Store Support Center Plan with respect to such fiscal year, the Executive shall be paid the Annual Bonus, if any, determined pursuant to the applicable Bonus Plan, for such completed fiscal year, which shall be paid no later than two and a half months following the end of such fiscal year. Effective as of the date of any termination of employment, the Executive will be deemed to have automatically resigned from all Company-related positions, including as an officer and director of the Company and its parents, subsidiaries and affiliates.

(d) [If the Executive's employment is terminated because of the Executive's death or Disability, then solely with respect to the options granted to the Executive prior to January 1, 2022, any Performance-Vesting Options (as defined in the applicable option agreement) thereunder (the "Prior Performance Options"), to the extent not yet vested, shall not terminate immediately but shall remain outstanding and eligible to become vested based on the applicable performance measures being achieved as if [_____].

(e) *Termination of Employment without Cause or for Good Reason* Upon termination of the Executive's employment by the Company without Cause or resignation by the

Executive for Good Reason, if the Executive executes and does not revoke a written Release (as defined below), the Executive shall be entitled to receive, in lieu of any payments under any severance plan or program for employees or executives, the following:

(1) the Company's continued payment of the Executive's Base Salary in accordance with the Company's customary payroll practices (the "Severance Payments") for the period (the "Severance Period") beginning on the termination date and ending on the earlier to occur of (x) the «SEVERANCE» month anniversary of the termination date and (y) the first date that the Executive violates any covenant contained in Restrictive Covenants Annex attached hereto as Annex B, provided, that, any such Severance Payments shall commence on the first payroll period following the effective date of the Release, and the initial Severance Payment installment shall include a lump-sum payment of all amounts accrued under this Section 3(e) from the date of termination through the date of such initial Severance Payment, and provided, further, that if the consideration and revocation period relating to the Release spans two calendar years, any such Severance Payments shall commence on the first payroll period of the second calendar year (the date of such initial Severance Payment, the "Severance Payment Commencement Date");

(2) the Company's payment of an amount equal to the COBRA premiums that the Executive would pay (based upon the benefits elections in effect on the termination date) if the Executive elected continued health coverage under the Company's health plan for the Executive and the Executive's dependents for the twelve month period following the date of termination (the "COBRA Payments"), payable in substantially equal payments in accordance with the Company's customary payroll practices, provided that the first of such payments shall commence on the Severance Payment Commencement Date and such first COBRA Payment shall include a lump-sum payment of all amounts accrued under this Section 3(e) from the date of termination;

(3) the Company's payment of a pro-rated portion of the Annual Bonus for the fiscal year in which the Executive's termination date occurs, equal to the product of (i) the Annual Bonus for such fiscal year determined based solely on the actual level of achievement of the applicable performance goals for such year, multiplied by (ii) a fraction, the numerator of which is the number of days during such fiscal year ending on the termination date, and the denominator of which is 365, and payable if and when annual bonuses are paid to other senior executives of the Company with respect to such year, and no later than two and a half months following the end of such fiscal year;

(4) the Company's provision of up to \$10,000 of outplacement services; and

(5) treatment of any outstanding equity awards that the Executive holds at the termination date in accordance with the terms of the applicable grant agreement; [*provided that* notwithstanding the terms of the applicable grant agreement, any Prior Performance Options, to the extent not yet vested, shall not terminate immediately but shall remain outstanding and eligible to become vested based on the applicable performance measures being achieved as if the Executive had remained actively employed until _____, at which time any vested Prior Performance Options will remain exercisable for an additional 90 days before expiring, and any remaining unvested Prior Performance Options will be immediately cancelled.]

4. Section 409A. This Agreement is intended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations, or an exemption thereto, and payments may only be made under this Agreement upon an event and in a manner permitted by section 409A of the Code, to the extent applicable. The Severance Payments and the COBRA Payments under this Agreement are intended to be exempt from section 409A of the Code under the "short-term deferral" exception, to the maximum extent

applicable, and then under the "separation pay" exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by section 409A of the Code, if the Executive is considered a "specified employee" for purposes of section 409A of the Code and if payment of any amounts under this Agreement is required to be delayed for a period of six months after separation from service pursuant to section 409A of the Code, payment of such amounts shall be delayed as required by section 409A of the Code, and the accumulated amounts shall be paid in a lump-sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code. For purposes of section 409A of the Code, each payment hereunder shall be treated as a separate payment. In no event may the Executive, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive's designating the fiscal year of payment of any amounts of deferred compensation subject to section 409A of the Code, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, to the extent such reimbursements and/or in-kind benefits are provided in connection with a termination of the Executive's employment, such reimbursements and/or in-kind benefits shall be provided in accordance with Treasury Regulation Section 1.409-1(b)(9)(v).

5. Restrictive Covenants. The Executives agrees that the Executive is bound by the obligations set forth in the Restrictive Covenants Annex attached hereto as Annex B, which is incorporated herein.

6. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under the Restrictive Covenants Agreement) shall survive any termination of the Executive's employment or termination or expiration of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

7. No Mitigation or Set-Off. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced regardless of whether the Executive obtains other employment. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others.

8. Section 280G. In the event of a change in ownership or control under section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this

Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the aggregate present value of the Payments under the Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Executive with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

(a) The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Executive. Where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. Only amounts payable under this Agreement shall be reduced pursuant to this Section.

(c) All determinations to be made under this Section shall be made by an independent certified public accounting firm selected by the Company and agreed to by the Executive immediately prior to the change-in-ownership or -control transaction (the "Accounting Firm"). The Accounting Firm shall provide its determinations and any supporting calculations both to the Company and the Executive within 10 days of the transaction. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section shall be borne solely by the Company.

(d) Notwithstanding the foregoing, if the Company is described in Section 280G(b)(5)(A)(ii)(I) of the Code, the Company shall use its reasonable efforts to obtain (in a manner which satisfies all applicable requirements of such Section 280G(b)(5)(B) of the Code and the Treasury Regulations thereunder, including Q-7 of Section 1.280G-1 of such Treasury Regulations) the approval by such number of shareholders of the Company (or other applicable equity holders of an affiliate of the Company) as is required by the terms of Section 280G(b)(5)(B) of the Code so as to render the parachute payment provisions of Section 280G of the Code inapplicable to the payments that would be reduced or eliminated by operation of this Section if such shareholder approval was not obtained.

9. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received): (a) if to the Company, to its principal offices in Bellevue, WA, with attention to General Counsel, and (b) if to the Executive, to the most recent address on file with the Company.

10. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. The Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

11. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

12. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Executive. The Company may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Company, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Executive acknowledges that in such event the obligations of the Executive hereunder, including but not limited to those under the Restrictive Covenants Annex, will continue to apply in favor of the successor.

13. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable claw back or recoupment policies, share trading policies, and other policies that may be implemented by the Board of Directors of Savers Value Village, Inc. (the "Board") from time to time with respect to officers of the Company.

14. Indemnification. In the event the Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, including any governmental or regulatory proceedings or investigations, by reason of the fact that the Executive is or was a director or officer of the Company or any of its affiliates, the Executive shall be indemnified by the Company, and the Company shall pay the Executive's related expenses when and as incurred, to the fullest extent permitted by applicable law and the Company's articles of incorporation and bylaws. During the Executive's employment with the Company or any of its affiliates and after termination of employment for any reason, the Company shall cover the Executive under the Company's directors' and officers' insurance policy applicable to other officers and directors according to the terms of such policy.

15. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto and supersedes any and all prior agreements and understandings concerning the Executive's employment by the Company[, including the Former Agreement]. This Agreement may be changed only by a written document signed by the Executive and the Company.

16. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

17. Governing Law; Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the State of Washington

without regard to rules governing conflicts of law. The Executive irrevocably and unconditionally (a) agrees that any legal proceeding arising out of this Agreement shall be brought solely in the United States District Court for the Western District of Washington, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the State of Washington, (b) consents to the exclusive jurisdiction of such court in any such proceeding, and (c) waives any objection to the laying of venue of any such proceeding in any such court. The Executive also irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers.

18. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be an original, but all of which together shall constitute one instrument.

19. ***(Signature Page Follows)***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TVI, INC.

Name: Mark Walsh
Title: CEO
Date: «SIGNATURE_DATE»

EXECUTIVE

Name: «NAME»
Date: «SIGNATURE_DATE»

ANNEX A

DEFINITIONS

20. For purposes of the Employment Agreement, the following terms shall have the following meanings:

(a) “Cause” shall mean (i) the Executive’s repeated failures to attempt in good faith to perform the Executive’s duties in a manner reasonably consistent with the criteria established by the Company and communicated to the Executive; (ii) intentional conduct on the part of the Executive that constitutes a material breach of any statutory, contractual, or common law duty of loyalty or care owed to the Company, or other conduct on the part of the Executive that demonstrates dishonesty or deceit in the Executive’s dealings with the Company; (iii) material misconduct by the Executive, including without limitation, the material violation of any written agreement (including the Restrictive Covenants Annex and the Savers Code of Business Conduct and Ethics) or any material written policy of the Company; or (iv) the Executive’s indictment for, commission of, conviction by a court of competent jurisdiction of, or the Executive’s plea of guilty or nolo contendere to, any felony or crime involving moral turpitude while employed by the Company. If the Company terminates the Executive for Cause, the Company shall provide written notice to the Executive, which notice shall provide a reasonable opportunity (which shall not exceed 30 days) for the Executive to correct the Executive’s conduct described in clauses (i), (ii) or (iii) of the foregoing definition of “Cause,” if applicable, to the extent the conduct in question can, in the determination of the Board in its sole discretion, be corrected.

(b) “Disability” shall mean when, and only when, the Executive suffers a physical or mental disability or infirmity that renders him or her unable to perform the essential functions of his or her job duties with or without reasonable accommodation for a continuous period of six (6) months or more.

(c) “Good Reason” shall mean the occurrence of one or more of the following without the Executive’s consent, other than on account of the Executive’s Disability: (i) a material diminution by the Company of the Executive’s authority, duties or responsibilities; (ii) material change in the geographic location at which the Executive must perform services under this Agreement (which, for purposes of this Agreement, means relocation of the offices of the Company at which the Executive is principally employed by more than 50 miles); (iii) a material diminution in the Executive’s Base Salary; or (iv) any action or inaction that constitutes a material breach by the Company of this Agreement. The Executive must provide written notice of termination for Good Reason to the Company within 30 days after the event constituting Good Reason. The Company shall have a period of 30 days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in the Executive’s notice of termination. If the Company does not correct the act or failure to act, the Executive’s employment will terminate for Good Reason on the first business day following the Company’s 30-day cure period.

(d) “Release” shall mean a separation agreement and general release of any and all claims against the Company and all related parties with respect to all matters arising out of the Executive’s employment by the Company, and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company under which the Executive has accrued and is due a benefit). The Release will be in a form substantially similar to that attached hereto as Exhibit A, subject to such legally required or advisable changes as the Company may require in its discretion.

ANNEX B**RESTRICTIVE COVENANTS ANNEX**

1. **Restrictive Covenants.** In consideration for and as a condition to the Company entering into the Agreement with the Executive, the Executive continues to agree to be bound by the restrictive covenants set forth in this Restrictive Covenants Annex. The provisions of this Restrictive Covenants Annex shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the State of Washington without regard to rules governing conflicts of law.

1. **Non-competition.** The Executive hereby covenants and agrees, for the benefit of Company that, for the Restricted Period (as defined below), the Executive will not, directly or indirectly, engage in, whether as principal, agent, officer, director, investor, consultant, stockholder, lender, partner, member, owner, sponsor, or otherwise, alone or in association with any other Person (except for ownership of no more than three percent (3%) of any class of publicly traded securities), carry on, manage, operate, finance, sponsor, develop, or become engaged or concerned in, or otherwise take part in, a business, anywhere in the United States, or any U.S. state, or Canada, or any Canadian province, (the "**Territory**") consisting of the sale of reused goods whether purchased or donated and whether through stores or online (collectively, referred to as the "**Business**"). The "**Restricted Period**," solely for purposes of this **Section 2**, is the period of time in which the Executive is an employee of the Company and a period of eighteen (18) months after the termination of Executive's employment. Notwithstanding the foregoing, if Executive's termination is the result of a layoff, as determined by the Company, solely for purposes of this **Section 2**, the Restricted Period following the Executive's termination of employment shall be the shorter of (a) the eighteen (18) month period following the termination of the Executive's employment or (b) a period equal to the Severance Period-plus the Additional Period, where the "**Additional Period**" is equal to a number of months determined by dividing (i) the sum of (A) the compensation earned through the Executive's subsequent employment, if any, earned during the eighteen (18) month period following the termination of the Executive's employment with the Company and (B) the COBRA Payments, if any, by (ii) the Executive's monthly Base Salary under the Employment Agreement as of the Executive's termination of employment. If any portion of the restricted geographic area in any state or province shall be adjudicated in such state or province to be invalid or unenforceable as so identified, such identification shall be deemed amended to properly reflect the largest aggregate geographic area in such state or province which would be valid and enforceable under the laws of such state or province; provided, however, that such invalidity or unenforceability shall apply only with respect to part or all of the restricted geographic area in the particular state or province in which such adjudication is made. The Executive recognizes that the territorial and time limitations set forth in this **Section 2** are reasonable, not burdensome and are properly required by law for the adequate protection of the Company's business and goodwill.

2. **Confidentiality.** The Executive recognizes that the services to be performed by him or her are special, unique and extraordinary in that, by reason of his or her past, present and future employment with the Company, he or she may acquire or has acquired Confidential Information and trade secrets concerning the operations of the Company, the use or disclosure of which could cause the Company substantial loss and damages which could not be readily calculated and for which no remedy at law would be adequate. Accordingly, Executive covenants and agrees with the Company that he or she will not at any time, except in performance of Executive's obligations to the Company or with the prior written consent of the Board, directly or indirectly, disclose any secret or Confidential Information that he or she may

learn or has learned by reason of his or her association with the Company, or any predecessors to its business, or use any such information to the detriment of the Company. The term "Confidential Information" includes, without limitation, information not previously disclosed to the public or to the trade by the Company's management with respect to the Company's business plans, prospects and opportunities, the identity of and information concerning clients, non-profit partners, suppliers or customers, information regarding operational strengths and weaknesses, trade secrets, know-how and other intellectual property, systems, procedures, manuals, confidential reports, product price lists, marketing plans or strategies, and financial information. "Confidential Information" does not include information in the public domain, so long as such information did not become part of the public domain through the actions of Executive. Executive understands and agrees that the rights and obligations set forth in this Section 3 are perpetual and, in any case, shall extend beyond Executive's employment.

3. Non-solicitation.

(a) The Executive agrees that during the period of time in which the Executive is an employee of the Company and a period of two (2) years after such termination, the Executive shall not, either directly or indirectly, solicit or recruit any of Company's employees, consultants, contractors, agents or representatives to leave their employment or engagement with Company, or attempt to solicit or recruit employees, consultants, contractors, agents or representatives of Company, either on behalf of the Executive or for any other Person, to leave their employment or engagement with Company.

(b) The Executive agrees that during the period of time in which the Executive is an employee of the Company and a period of two (2) years after such termination, the Executive shall not, either directly or indirectly, induce or solicit any non-profit organization that has supplied goods to the Company (or allowed the Company to accept goods on its behalf) in the previous three years to either (i) reduce or modify such organization's relationship with the Company, or (ii) to enter into any relationship whereby such organization would supply goods, or allow acceptance of goods on its behalf, by any Person engaged in the Business.

4. Protection of Trade Secrets. The Executive hereby acknowledges that he or she has, by means of his or her ownership interest in the Company, or through employment with the Company or through any other similar means, access to the Company's trade secret, confidential and proprietary information, including information relating to the operations of the Company and its customers ("Trade Secrets") which information the Executive understands the Company spends and has spent considerable time, expense and effort to develop and keep confidential. In order to protect such Trade Secrets and customer goodwill, the Executive hereby agrees that during the period of time in which the Executive is an employee of the Company and a period of two (2) years after such termination, the Executive will not, either on the Executive's behalf or on behalf of any other Person, (a) call on, solicit, induce or attempt to induce any recycler or other corporate customer, vendor, trade related business relation of or other persons under contract or otherwise doing business with the Company (whether past, present or prospective) to cease doing business, reduce or alter any business with the Company, or (b) in any way interfere with the relationship between any such corporate customer, vendor, trade related business relation or other Person under contract with or doing business with the Company and the Company.

5. Nondisparagement. The Executive shall not make or publish any untruthful statement (orally or in writing) that intentionally libels, slanders, disparages or otherwise defaces the goodwill or reputation (whether or not such disparagement legally constitutes libel or slander) of the Company. The foregoing provisions of this Section 6 shall not apply to truthful testimony in a judicial or administrative proceeding.

2. Code of Business Conduct and Ethics. Furthermore, in consideration for and as a condition to the Company entering into the Agreement with the Executive, the Executive hereby agrees to be bound by the terms and conditions of the Savers Code of Business Conduct and Ethics, as in effect from time to time, which is incorporated herein by reference.

3. Inventions Assignment. The Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company's or its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive while employed by the Company ("Work Product") belong to the Company. The Executive will promptly disclose such Work Product to the Chief Executive Officer of the Company and perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, the Executive agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by Company employees generally.

4. Return of Company Property. Upon termination of the Executive's employment with the Company for any reason, and at any earlier time the Company requests, the Executive will deliver to the person designated by the Company all originals and copies of all documents and property of the Company or an affiliate that is in the Executive's possession or under the Executive's control or to which the Executive may have access. The Executive will not reproduce or appropriate for the Executive's own use, or for the use of others, any property, proprietary or confidential information, or Work Product.

5. Reports to Government Entities. Nothing in the Agreement, including this Restrictive Covenants Annex, shall prohibit or restrict the Executive from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the United States Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive does not need the prior authorization of the Company to engage in conduct protected by this subsection, and the Executive does not need to notify the Company that the Executive has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

6. Legal and Equitable Remedies. Because the Executive's services are personal and unique and the Executive has had and will continue to have access to and has become and will continue to become acquainted with the proprietary information of the Company and its affiliates, and because any breach by the Executive of any of the restrictive covenants contained in or referenced in this Restrictive Covenants Annex would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce this Restrictive Covenants Annex and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in or referenced in this Restrictive Covenants Annex. The

Executive agrees that in any action in which the Company seeks injunction, specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of this Restrictive Covenants Annex are unreasonable or otherwise unenforceable.

7. Notwithstanding anything in the Agreement to the contrary, if the Executive breaches any of the Executive's obligations under this Restrictive Covenants Annex, the Company shall be obligated to provide only the Accrued Obligations, and all other payments under Section 2 or Section 3 of the Agreement, as applicable, shall cease. In such event, the Company may require that the Executive repay all amounts theretofore paid to the Executive pursuant to Section 3 of the Agreement (other than the Accrued Obligations), and in such case, the Executive shall promptly repay such amounts on the terms determined by the Company.

EXHIBIT A

**SEVERANCE AGREEMENT AND GENERAL
RELEASE OF CLAIMS**

By and Between

TVI, Inc.

And

[NAME]

This Severance Agreement and General Release of Claims (the "Agreement") is voluntarily entered into as of the date of the latest signature below (the "Effective Date") by [NAME] (the "Executive") and TVI, Inc. ("Savers" or the "Company") to set forth the terms and conditions of the Executive's departure from employment. In consideration of the mutual promises and undertakings in this Agreement, the parties agree as follows:

Separation Date: The parties acknowledge and agree that the Executive's employment with Savers ended on [DATE] (the "Separation Date"). Savers agrees to pay the Accrued Obligations as defined in the Executive's employment agreement with the Company, dated as of [DATE] (the "Employment Agreement").

- A. In accordance with Section 3 of the Employment Agreement, Savers agrees to provide the Executive with the benefits set forth in Section 3 of the Employment Agreement, as follows, which the Executive agrees will be in complete satisfaction of all obligations of the Company or amounts owed by the Company to the Executive under the Employment Agreement or otherwise:
1. Should the Executive accept and sign this Agreement, the Executive will receive payment in the amount of [AMOUNT] (the "Severance Payment") (less applicable federal, state and local withholding taxes as required by law), subject to the requirements set forth below. The Severance Payment is equal to [NUMBER] of months of the Executive's Base Salary and will be paid in accordance with Section 3(e) of the Employment Agreement.
 2. Should the Executive accept and sign this Agreement, the Executive will receive payment in the amount of [AMOUNT] (the "COBRA Payment") and, together with the Severance Payment, the "Severance Benefits") (less applicable federal, state and local withholding taxes as required by law), subject to the requirements set forth below. The COBRA Payment is equal to the COBRA premiums that the Executive would pay if the Executive elected continued health coverage under the Company's health plan for the Executive and the Executive's dependents for the [NUMBER]-month period following the termination date, based on the COBRA rates in effect at the termination date, and will be paid in accordance with Section 3(e) of the Employment Agreement.
 3. Any outstanding equity awards that the Executive holds at the Separation Date shall be governed by the terms of the applicable grant agreement.

4. Savers will not protest the Executive's unemployment claim, if such a claim is filed. It is understood by the Executive that the state in which you are employed, not Savers, will ultimately determine the Executive's eligibility.
 5. Savers agrees that Officers and Directors of the company shall not make any disparaging comments about the Executive, the Executive's employment or departure from Savers. The Executive shall not make or publish any disparaging comment about the Company or its employees, owners or investors, except as permitted Section C.4 below.
 6. Savers will provide up to \$10,000 of outplacement services.
- A. The Executive acknowledges and agrees that the Executive is bound by the restrictive covenants set forth in or referenced in the Restrictive Covenants Annex to the Employment Agreement.
- B. Release of Claims
1. In consideration for the Severance Benefits, the Executive knowingly and voluntarily releases and forever discharges Savers, its parent corporation, affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively referred to throughout this agreement as "Releasees"), of and from any and all claims, known and unknown, asserted or unasserted which the Executive has or may have against Releasees as of the date of execution of this agreement, including, but not limited to any alleged violation of: The Older Worker's Benefit Protection Act, Family and Medical Leave Act of 1993, Americans with Disabilities Act, 1990, as amended, the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, Section 503 the Rehabilitation Act of 1973, the Pregnancy Discrimination Act, the Vietnam Era Veterans' Readjustment Assistance Act, 42 U.S.C. §§ 1981 and 1983, the Equal Pay Act of 1963, Lilly Ledbetter Fair Pay Act of 2009, the Age Discrimination in Employment Act of 1967, the National Labor Relations Act, Civil Rights Act of 1964, as amended, Civil Rights Act of 1991, as amended, the Washington Equal Opportunity Pay Act, the Washington Paid Sick Leave Law, the Washington Family Leave Act, the Washington Law Against Discrimination, Title 49, Chapter 49.60, the Washington Minimum Wage and Hour Act, the Veteran's Employment and Reemployment Act, RCW 73.16, Seattle Fair Employment Practices Ordinance, the Minnesota Human Rights Act, all other municipal, state, and federal statutes or regulations, all of the above laws as may have been amended, any public policy, contract, tort, or common law, or any claims for costs, fees, or other expenses including attorneys' fees incurred in those matters.
 2. The Executive is not waiving any rights the Executive may have to: (a) the Executive's own vested accrued employee benefits under Savers' health, welfare, or retirement benefit plans as of the separation date; (b) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (c) any rights the Executive may have to any bounty that may be recoverable as a result of participating in the Securities and Exchange Commission's or other federal whistleblower program; (d) pursue claims which by law cannot be waived by signing this agreement; (e) enforce this agreement; and/or (f) challenge the validity of this agreement. Further, nothing in this Agreement prohibits or prevents the Executive from filing a charge with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board or a similar agency enforcing federal, state or local anti-discrimination

laws. However, to the maximum extent permitted by law, the Executive agrees that if such an administrative claim is made to such an anti-discrimination agency, the Executive shall not be entitled to recover any individual monetary relief or other individual remedies. In addition, nothing in this agreement, including but not limited to the release of claims nor the confidentiality clauses, prohibits the Executive from: (x) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (y) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (z) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange Commission and/or the Occupational Safety and Health Administration. Moreover, nothing in this agreement prohibits or prevents the Executive from receiving individual monetary awards or other individual relief by virtue of participating in such federal whistleblower programs.

3. Except as described in Section C.4 below, the Executive represents and agrees that the Executive will keep the terms and amounts of this Severance Agreement completely confidential, and that the Executive will not hereafter disclose any information concerning this Severance Agreement to anyone, except the Executive's spouse, tax advisor, and/or attorneys with whom the Executive chooses to consult regarding the Executive's consideration of this Agreement and/or to any federal, state, or local government. In the event the Executive violates this provision, the Company may require that the Executive repay all amounts theretofore paid to the Executive pursuant to Section A hereof, if any, and in such case, the Executive shall promptly repay such amounts on the terms determined by the Company, other than five hundred dollars and no cents (\$500.00) of such amounts, and the Executive further agrees that the five hundred dollars (\$500.00) identified in this Agreement is adequate consideration in support of this Agreement.
 4. Nothing in this Agreement shall prohibit or restrict the Executive from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the United States Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive does not need the prior authorization of the Company to engage in conduct protected by this subsection, and the Executive does not need to notify the Company that the Executive has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.
- C. The Executive acknowledges and agrees that this Agreement waives and releases any entitlement the Executive may have to apply for or seek future employment with the Company or the Releasees. Accordingly, the Executive agrees that the Executive will not apply for or seek future employment with the Company or the Releasees.

- D. The Executive agrees that: (1) the Executive has received all entitlements due from the Company relating to the Executive's employment with the Company, including but not limited to, all wages earned, sick pay, vacation pay, overtime pay, and any paid and unpaid personal leave for which the Executive was eligible and entitled, and that no other entitlements are due to the Executive other than as set forth in this Agreement; and (2) the Company shall have the right to deduct from the amounts payable pursuant to this Agreement any money owed to the Company by the Executive for a loan or advance paid to the Executive by the Company during the Executive's employment, when allowable by the loan agreement and applicable law.
- E. The Executive hereby agrees, promises and covenants that during the Executive's employment with the Company: (1) the Executive did not violate any federal, state, or local law, statute, or regulation while acting within the scope of the Executive's employment with the Company; and (2) the Executive did not violate the Company's Code of Business Conduct and Ethics while acting within the scope of the Executive's employment with the Company (collectively, "Violations"). The Executive acknowledges and understands that if the Company should discover any such Violation(s) after the Executive's execution of this Agreement and/or the Executive's separation from employment with the Company, it will be considered a material breach of this Agreement, and all of the Company's obligations to the Executive hereunder will become immediately null and void. The Executive further represents that the Executive is not aware of any Violation(s) committed by a Company employee, supplier, or customer acting within scope of his/her/its employment or business with the Company that have not be previously reported to the Company.
- F. To the extent the Company deems necessary, the Executive agrees that the Executive will assist the Company with the transition of the Executive's responsibilities. The Executive agrees that upon the Company's reasonable notice to the Executive, the Executive shall cooperate with the Company and its counsel (including, if necessary, preparation for and appearance at depositions, hearings, trials or other proceedings) with regard to any past, present or future legal or regulatory matters that relate to or arise out of matters the Executive has knowledge about or has been involved with during the Executive's employment with the Company. In the event that such cooperation is required, the Executive will be reimbursed for reasonable expenses incurred in connection therewith.
- G. The Executive understands and acknowledges that this is a legally binding document under which the Executive is giving up certain rights, and the Executive freely, voluntarily and knowingly entered into this Agreement after due consideration. The Executive has been advised to consult with an attorney prior to signing this document. The Executive has obtained independent legal advice from an attorney of the Executive's own choice with respect to this Agreement, or has knowingly and voluntarily chosen not to do so and has been given at least twenty-one (21) calendar days within which to consider this agreement. the Executive agrees that any modifications, material or otherwise, made to this agreement does not restart or affect in any manner the original up to twenty-one (21) calendar day consideration period.
- H. *Employees not resident in Minnesota:* The Executive may revoke this agreement for a period of seven (7) calendar days following the day the Executive signs this agreement. Any revocation within this period must be submitted, in writing to [NAME, ADDRESS], and state "I hereby revoke my acceptance of our agreement and general release." The revocation must be delivered

to [NAME] or the Company's designee within seven (7) calendar days after the Executive signs this agreement.

Employees resident in Minnesota: The Executive may revoke this agreement for a period of fifteen (15) calendar days following the day the Executive signs this agreement. Any revocation within this period must be submitted, in writing to [NAME, ADDRESS], and state "I hereby revoke my acceptance of our agreement and general release." To be effective, this revocation must either be (a) hand-delivered to the Company's representative listed above within fifteen (15) calendar days of signing; or (b) sent by certified mail return receipt requested to the Company's representative with a postmark within fifteen (15) calendar days of signing.

- I. Note that, if this Agreement is revoked, however, you will not be entitled to any of the separation pay or benefits described in Section A above. If the Company's representative does not receive your written statement of revocation by the end of the revocation period, this Agreement will become legally enforceable and you may not thereafter revoke this Agreement.
- J. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, then that provision shall be severed, and all other provisions shall be enforced to the fullest extent permitted by law. This Agreement may be executed in counterparts.
- K. This Agreement is made pursuant to and should be construed as enforced in accordance with the laws of the State of Washington without giving effect to otherwise applicable principles of conflict of laws, to the extent not superseded by federal law. Venue shall be in the United States District Court for the Western District of Washington, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the State of Washington. The prevailing party shall be entitled to reasonable attorneys' fees and costs incurred in connection with such litigation.
- L. Neither party admits to any wrongdoing or violation of law by offering or entering into this Severance Agreement. Instead, it is offered and accepted as an amicable resolution of all past, present, and future employment and severance matters between the parties. The Executive understands and acknowledges that this is a legally binding document under which the Executive is giving up certain rights. The Executive is hereby advised to review this matter with an attorney prior to signing this document. This agreement replaces all other written or oral agreements.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. THE EXECUTIVE ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND VOLUNTARILY SIGNS AND ENTERS INTO IT, INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS THE EXECUTIVE HAS OR MIGHT HAVE AGAINST THE COMPANY EXISTING AS OF THE DATE THIS AGREEMENT IS SIGNED.

Delivered to the Executive on _____, [YEAR]:

[NAME]:

By: _____ Date: _____

TVI, INC.:

By: _____ Date: _____

[NAME]

SAVERS VALUE VILLAGE, INC.
INSIDER TRADING POLICY

February 21, 2025

I. Purpose

This Insider Trading Policy (the "Policy") provides guidelines to directors, officers and team members of Savers Value Village, Inc. and its direct and indirect subsidiaries (collectively, the "Company") with respect to transactions in the Company's securities. The Company has adopted this Policy and the procedures set forth herein to help prevent insider trading and to assist the Company's directors, officers and team members in complying with their obligations under the federal securities laws. Directors, officers and team members are individually responsible for understanding and complying with this Policy.

II. Persons Affected and Prohibited Transactions

The general prohibitions of this Policy apply to all directors, officers and team members of the Company, while the restrictions set forth in Part V (blackout periods) and Part VI (pre-clearance) apply only to directors, executive officers¹ and certain designated officers and team members. If you are unsure whether you are subject to the restrictions set forth in Parts V or VI, please contact the Legal Department.

The same restrictions described in this Policy also apply to your spouse, minor children and anyone else living in your household (including a child away at college), any family members who consult with you before they trade in Company securities, partnerships in which you are a general partner, trusts of which you are a trustee, estates of which you are an executor and investment funds or other similar vehicles with which you are affiliated (collectively "Related Parties"). **You will be responsible for compliance with this Policy by your Related Parties.**

For purposes of this Policy, references to "trading" or to "transactions in securities of the Company" include:

- purchases or sales of Company stock and other debt or equity securities of the Company;
- purchases or sales of options, puts and calls and other derivative securities based on securities of the Company;
- gifts of Company securities;
- loans of Company securities, hedging transactions involving or referencing Company securities, contributions of Company securities to a trust;
- sales of Company stock acquired upon the exercise of stock options;

¹ Executive officers for purposes of this Policy are all executive officers of the Company identified in its public filings and any other officer of the Company or any subsidiary that is subject to Section 16(b) of the Securities Exchange Act of 1934.

- broker-assisted cashless exercises of stock options, market sales to raise cash to fund the exercise of stock options; and
- trades in Company stock made under an employee benefit plan, such as a 401(k) plan.

III. Policy Statement

If you possess material nonpublic information (as further discussed below) relating to the Company or relating to other companies that you received as a result of your role with the Company, neither you nor any Related Party may:

- effect transactions in securities of the Company (other than pursuant to a pre-arranged trading plan that complies with Rule 10b5-1 ("Rule 10b5-1") under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as described in Part VII below) or engage in any other action that take advantage of that information;
- pass that information on to any person outside the Company, except as permitted under applicable Company policies and procedures;
- suggest or otherwise recommend that any person effect a transaction in securities of the Company or engage in any other action that takes advantage of that information; or
- assist anyone engaged in any of the foregoing activities.

This Policy will continue to apply after termination of employment to the extent that you are in possession of material nonpublic information at the time of termination. In such case, no transaction in securities of the Company may take place until the information becomes public or ceases to be material.

This Policy also applies to information, obtained in the course of employment with the Company or by serving as a director of the Company, relating to any other company, including:

- our customers, clients or suppliers;
- any entity with which we may be negotiating a major transaction or business combination; and
- any entity as to which we have an indirect or direct control relationship or a designee on the board of directors.

Neither you nor any Related Party may effect transactions in the securities of any such other company while in possession of material nonpublic information concerning such company that was obtained in the course of employment with the Company or service as a director of the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. "Material information" is any information that a reasonable investor would consider important in a decision to effect a transaction in securities, including securities of the Company. In short, material information is any information that could reasonably affect the price of such securities. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- historical or projected financial results, financial condition or other business metrics;
 - guidance concerning financial results, financial conditions or other business metrics;
 - any expected deviation of financial results, financial condition or other business metrics from projections or expectations;
 - a change in business strategies;
 - a regulatory development with respect to any of the Company's products or businesses;
 - a pending or proposed merger, joint venture, acquisition or tender offer;
 - a significant sale of assets or the disposition of a subsidiary or business unit;
 - a closure of stores or facilities, reductions in force or the cessation of a line of business;
 - changes in dividend policies or the declaration of a stock split or the offering of additional securities;
 - changes in senior management or other key employees;
 - significant new products, services or facilities;
 - significant legal or regulatory exposure due to a pending or threatened lawsuit or investigation;
 - impending bankruptcy or other financial liquidity problems;
 - a material cyber incident that has not been disclosed;
-

- changes in legislation affecting the business; and
- the gain or loss of a substantial customer, client or supplier.

20-20 Hindsight. Remember, if your transaction in securities becomes the subject of scrutiny, it will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

Tipping Information to Others. Whether the information is proprietary information about the Company or other information that could have an impact on the price of securities, you must not pass the information on to others. Penalties will apply whether or not you derive, or even intend to derive, any profit or other benefit from another's actions.

When Information is Public. You may not trade on the basis of material information that has not been broadly disclosed to the marketplace, such as through a press release or a filing with the Securities and Exchange Commission (the "SEC"), and the marketplace has had time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the second business day after the information is released. Thus, if information is released on a Monday, trading should not take place until Thursday. However, if the information in question is contained in a regular quarterly earnings release and the release is issued prior to the opening of the market on a given day, trading may take place on the second business day following the day of release.

Transactions under Company Plans. Although this Policy does not generally apply to the exercise of employee stock options (other than cashless exercises as described below), it does apply to the discretionary sale of common stock received upon exercise as part of a broker-assisted cashless exercise of a stock option involving the market sale of the underlying shares for the purpose of raising cash to fund the exercise of an option, or such a transaction to pay taxes. This Policy also applies to the following elections under a 401(k) plan (if and when the Company makes Company securities an investment alternative under our 401(k) plan):

- increasing or decreasing periodic contributions allocated to the purchase of Company securities;
 - intra-plan transfers of an existing balance in or out of Company securities;
 - borrowing money against the account if the loan results in the liquidation of any portion of Company securities; and
 - pre-paying a loan if the pre-payment results in allocation of the proceeds to Company securities.
-

Confidentiality Obligations. The restrictions set forth in this Policy are designed to avoid misuse of material nonpublic information in violation of the securities laws. These restrictions are in addition to, and in no way alter, the general obligations that each director, officer and team member of the Company has to maintain the confidentiality of all confidential or proprietary information concerning the Company and its business, as well as any other confidential information, that may be learned in the course of service or employment with the Company. No such information is to be disclosed to any other person in the Company, unless that person has a clear need to know that information, and no such information may be disclosed to any third parties, except as required or otherwise contemplated by your function or position and in compliance with Company policies.

You should take precautions to prevent the unauthorized disclosure or other misuse of such information by maintaining files securely, avoiding discussions of such information in public and taking extra care when distributing such information electronically.

IV. Additional Prohibited Transactions

Because we believe it is improper and inappropriate for any person to engage in short-term or speculative transactions involving the Company's securities, directors, officers and all team members of the Company, and their Related Parties, are prohibited from engaging in any of the following activities with respect to securities of the Company:

1. ***Purchases of securities of the Company on margin.*** You may not purchase securities of the Company on margin or pledge, or otherwise grant a security interest in, securities of the Company in margin accounts.
2. ***Short sales*** (*i.e.*, selling stock you do not own and borrowing the shares to make delivery). The SEC effectively prohibits directors and officers from selling Company securities short. This Policy is simply expanding this prohibition to cover all team members.
3. ***Buying or selling puts, calls, options or other derivatives in respect of securities of the Company*** This prohibition extends to any instrument whose value is derived from the value of any securities (*e.g.*, common stock) of the Company.

Directors, executive officers and other team members, and their designees, are prohibited from purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of the Company's equity securities whether they are (1) granted to you by the Company as part of your compensation; or (2) otherwise held, directly or indirectly, by you.

Although the Company is not prohibiting standing or limit orders, you should use extreme caution if you engage in standing or limit orders (other than as established in connection with a Rule 10b5-1 plan as described in Part VII below) since you might

become aware of material nonpublic information after establishing an order. This could lead to inadvertent trading while in possession of material nonpublic information.

V. Blackout Periods – For Directors, Executive Officers and Certain Other Personnel with Access to Material Nonpublic Information

The Company's announcement of quarterly financial results has the potential to have a material impact on the market for the Company's securities. Therefore, in order to avoid any appearance that its directors, officers, team members and other insiders are trading while aware of material nonpublic information, all directors, executive officers and certain other persons who are or may be expected to be aware of quarterly financial results of the Company will be subject to quarterly blackouts on trading.

The Company has established the following "blackout periods" in relation to the publication of its annual and quarterly results: (a) the period commencing two weeks prior to the end of its fiscal year and ending on and including the second trading day after public announcement of the Company's annual financial results; (b) the period commencing two weeks prior to the end of each of its fiscal quarters and ending on and including the second trading day after public announcement of the Company's financial results for such quarter; and (c) for directors and executive officers, to the extent and during the periods as the Legal Department may select, including as required by Section 306 of the Sarbanes-Oxley Act of 2002 or its implementing regulations. In addition, the Company's General Counsel may commence or end a blackout period, at any time, in the General Counsel's sole discretion.

During these blackout periods, the following persons and their Related Parties are prohibited from effecting transactions in securities of the Company (except as otherwise expressly provided below):

- directors and their administrative assistants;
- executive officers and their administrative assistants;
- team members in the accounting, finance and legal departments; and
- any other person designated by the Legal Department.

You should be aware that the blackout periods described above may be modified by the Company at any time. In addition, the Company may from time to time determine that effecting transactions in securities of the Company is inappropriate at a time that is outside the blackout periods and, accordingly, may notify you of additional closed periods at any time. For example, a short blackout period may be imposed shortly before issuance of interim earnings guidance. Those subject to blackout period requirements will receive notice of any modification by the Company of the closed period policy or of any additional prohibition on trading during a non-blackout period. Persons subject to the blackout period restrictions who terminate their employment with the Company during a blackout period will remain subject to the restrictions until the end of such period.

The prohibition described in this Part V shall not apply to gifts of Company securities and contributions of Company securities to a trust so long as the requirements of Part VI below are complied with. We do, however, recommend that gifts and contributions be made, whenever possible, outside of a blackout period. The prohibition shall also not apply with respect to a public offering of Company securities specifically authorized by the Company's board of directors or duly authorized board committee. The Legal Department may, on a case-by-case basis, authorize effecting a transaction in Company securities during a blackout period if the person who wishes to effect such a transaction (i) has, at least two business days prior to the anticipated transaction date, notified the Company in writing of the circumstances and the amount and nature of the proposed transaction and (ii) has certified to the Company that he or she is not in possession of material nonpublic information concerning the Company.

See Part VII below for the principles applicable to transactions under Rule 10b5-1 plans.

VI. Pre-Clearance of Securities Transactions

To provide assistance in preventing inadvertent violations of the law (which could result for example, from failure by directors and officers subject to reporting obligations under Section 16 of the Exchange Act) and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedure:

All transactions in securities of the Company by the following persons and their Related Parties must be pre-cleared with the Legal Department:

- directors and their administrative assistants;
- executive officers, any other officer who has an obligation to file reports under Section 16 of the Exchange Act, and their administrative assistants;
- team members in the accounting, finance and legal departments; and
- any other person designated by the Legal Department.

Persons subject to these restrictions should contact the Legal Department at least two business days (or such shorter period as the Legal Department may determine) in advance and may not effect any transaction subject to the pre-clearance request unless given clearance to do so, which clearance, if granted, will be valid only for five business days (or such shorter or longer time period as the General Counsel may approve, but in any event no longer than ten business days) following the approval date. If a transaction for which clearance has been granted is not effected (i.e., the trade is not placed) within such period, the transaction must again be pre-cleared.

To the extent that a material event or development affecting the Company remains nonpublic, persons subject to pre-clearance will not be given permission to effect transactions in securities of the Company. Such persons may not be informed of the reason why they may not trade. Any person that is made aware of the reason for an event-specific prohibition on trading should in no event disclose the reason for the prohibition to third parties and should avoid disclosing the existence of the prohibition, if possible. Caution should be exercised when telling a broker or other person who suggested a trade that the trade cannot be effected at the time.

Note that the pre-clearance procedures may delay the disposition of any security after it is purchased.

VII. 10b5-1 Plans.

The SEC has adopted a safe harbor rule, Rule 10b5-1, which provides a defense against insider trading liability for trades that are effected pursuant to a pre-arranged trading plan that meets specified conditions. The trading plan must be properly documented and all of the procedural conditions of the Rule must be satisfied to avoid liability.

Rule 10b5-1 plans allow transactions for the account of an insider to occur during blackout periods or while the insider has material nonpublic information provided the insider has previously given instructions or other control to effect pre-planned transactions in securities of the Company to a third party. The insider must establish the plan at a time when he, she or they is not in possession of material nonpublic information and the insider may not exercise any subsequent influence over how, when or whether to effect transactions. In addition to other specified conditions, a Rule 10b5-1 plan would specify in writing in advance the amount and price of the securities to be sold and the date for the sale (or a formula for determining the amount, price and date) or would otherwise not permit the insider to exercise any subsequent influence over how, when or whether to effect the sales. After adopting a valid Rule 10b5-1 plan, the insider will have an affirmative defense that a sale under the plan was not made "on the basis of" material nonpublic information.

Actions to create, modify or terminate a valid Rule 10b5-1 plan are subject to the blackout period and pre-clearance rules under Parts V and VI of this Policy.

Transactions effected pursuant to a properly established Rule 10b5-1 plan, however, are not subject to those blackout period and pre-clearance rules. Please note that these transactions must still be made in accordance with Rule 144 and must be reported on a Form 4 under Section 16 of the Exchange Act.

VIII. Assistance

IX.

X. Any person who has any questions about this Policy or about specific transactions may contact the Company's Legal Department. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with

you. In this regard, it is imperative that you use your best judgment and to ask before acting if you are unsure.



KPMG LLP
Suite 600
205 North 10th Street
Boise, ID 83702-5798

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-272987) on Form S-8 of our reports dated February 21, 2025, with respect to the consolidated financial statements of Savers Value Village, Inc. and the effectiveness of internal control over financial reporting.

KPMG LLP

Boise, Idaho
February 21, 2025

KPMG LLP, a Delaware limited liability partnership and a member firm of
the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.

SAVERS VALUE VILLAGE, INC. AND SUBSIDIARIES CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark T. Walsh, certify that:

1. I have reviewed this Annual Report on Form 10-K of Savers Value Village, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ Mark T. Walsh

Name: Mark T. Walsh

Title: Chief Executive Officer and Director

SAVERS VALUE VILLAGE, INC. AND SUBSIDIARIES CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael W. Maher, certify that:

1. I have reviewed this Annual Report on Form 10-K of Savers Value Village, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ Michael W. Maher

Name: Michael W. Maher

Title: Chief Financial Officer and Treasurer
(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 Annual Report of Savers Value Village, Inc. (the "Company") on Form 10-K for the period ending December 28, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark T. Walsh, Chief Executive Officer and Director of the Company certify, to the best of my knowledge, that:

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

Date: February 21, 2025

/s/ Mark T. Walsh

Name: Mark T. Walsh

Title: Chief Executive Officer and Director

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 Annual Report of Savers Value Village, Inc. (the "Company") on Form 10-K for the period ending December 28, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. Maher, Chief Financial Officer and Treasurer of the Company certify, to the best of my knowledge, that:

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

Date: February 21, 2025

/s/ Michael W. Maher

Name: Michael W. Maher

Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)