

Risk Factors Comparison 2025-03-06 to 2024-03-07 Form: 10-K

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You should carefully consider the risks described below and the other information contained in this Annual Report on Form 10-K, including our condensed consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, prospects, financial condition, results of operation or cash flows could be materially adversely affected and the factors that we identify as risks to a particular aspect of our business could materially affect another aspect of our business or the company as a whole. The risks below are not the only risks we face. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially affect our business, prospects, financial condition, results of operation or cash flows. Summary of Risk Factors The following summarizes some of the key risks and uncertainties that could materially adversely affect us. This summary should be read together with the more detailed description of each risk factor below.

- Economic downturns and market conditions could materially adversely affect our business, operating results, financial condition and growth prospects;
- Changes in the political and economic policies of the Chinese government or in relations between China and the United States may materially and adversely affect our business, financial condition, results of operations and the market price of our common stock;
- Rapidly- changing consumer preferences in the apparel, footwear and accessories industries expose us to the risk of lost sales, harmed customer relationships and diminished brand loyalty if we are unable to anticipate such changes;
- Our future revenues and operating results will be harmed if we fail to acquire new customers, retain existing customers, and maintain average order value levels;
- We face risks related to our growth strategy if we are unsuccessful in identifying brands to acquire, integrate and manage on our platform;
- Our business and the success of our products could be harmed if we are unable to maintain our corporate integrity or the images and reputations of our brands;
- Our use of third- party suppliers and manufacturers that are primarily based in China exposes us to risks inherent in doing business there;
- **Changes to U. S., Australian or international trade policy, tariff or import / export regulations or our failure to comply with such regulations may have a material adverse effect on our reputation, business, financial condition and results of operations.**
- We face risks to our operating results if we fail to manage our inventory effectively;
- Increases in labor costs, including wages, and fluctuations in the price, availability and quality of raw materials and finished goods could adversely affect our business, financial condition and results of operations;
- Changes in laws or regulations relating to data privacy and security that are applied adversely to us may have a material adverse effect on our reputation, results of operations, financial condition and cash flows;
- Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results or financial condition; and
- We face risks related to our debt covenants if we fail to generate sufficient cash flow to service our debt which could arise from changes in our results of operations or general economic conditions.

• If we fail to maintain compliance with the New York Stock Exchange' s ("NYSE ") continued listing standards, the NYSE may delist our common stock.

Risks Relating to Our Business and Strategy Economic downturns and market conditions beyond our control, including periods of inflation, could materially adversely affect our business, operating results, financial condition and prospects. Our business depends on global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include inflationary pressure; high levels of unemployment; higher consumer debt levels; reductions in net worth; declines in asset values and related market uncertainty; home foreclosures and reductions in home values; fluctuating interest rates and credit availability; fluctuating fuel and other energy costs; fluctuating commodity prices; **fluctuating tariffs;** and general uncertainty regarding the overall future political and economic environment. Global economic conditions may continue to be uncertain, and the potential impacts of increasing inflation in the United States — our largest market — remain unknown, making trends in consumer demand unpredictable. Inflation has the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, shipping costs, supply shortages, increased costs of labor, weakening exchange rates and other similar effects. As a result of inflation, we have experienced and may continue to experience cost increases. In addition, adverse economic and market conditions, including a potential recession, may negatively impact market sentiment, decreasing the demand for apparel, which would adversely affect our operating income and results of operations. All of these factors have contributed, and may continue to contribute, to reduced orders, increased merchandise returns, lower net sales, lower gross margins, reduced effectiveness of marketing and increased inventories. If we are unable to take effective measures in a timely manner to mitigate the impact of the inflation as well as a potential recession, our business, financial condition and results of operations could be adversely affected. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods, periods of inflation or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Economic downturns or unstable market conditions may also cause customers to decrease their budgets, which could reduce their spending on our products and adversely affect our business, financial condition and results of operations. Economic conditions in certain regions may also be affected by natural disasters, such as hurricanes, tropical storms, earthquakes and wildfires; public health crises; and other major unforeseen events. As we explore new countries to expand our business, economic downturns or unstable market conditions in any of those countries could result in our investments not yielding the returns we anticipate. Because our third-party suppliers and manufacturers are primarily based in China, in addition to the risks inherent in doing business in China, changes in the political and economic policies of the Chinese government or in relations between China and the United States

may materially and adversely affect our business, financial condition, results of operations and the market price of our common stock. We use third- party suppliers and manufacturers based primarily in China. We use only a limited number of suppliers and we may have greater risks than our peers due to the concentration of our suppliers and manufacturers in China. This sourcing concentration increases our dependence of these suppliers and exposes us to the risks of doing business in China, which means that our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China or changes in government relations between China and the United States or other governments, including Australia. There is significant uncertainty about the future relationship between the United States and China with respect to taxation, trade policies, treaties, government regulations, import and export tariffs, custom duties, environmental regulations, intellectual property and other matters. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. **Further, on February 1, 2025, President Trump announced a new 10 % ad valorem duty on goods imported from China and on February 27, 2025, President Trump announced his plan to impose an additional incremental 10 % tariff on goods imported from China. There can be no assurances that the U. S. or China will not increase tariffs or impose additional tariffs in the future.** Further, with the rapid development of the Chinese economy, the cost of labor has increased and may continue to increase in the future. Our results of operations will be materially and adversely affected if the labor costs of our third- party suppliers increase significantly. In addition, our suppliers may not be able to find a sufficient number of qualified workers due to the intensely competitive and fluid market for skilled labor in China. In addition, we may not obtain or retain the requisite legal permits to continue to operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In addition, Chinese trade regulations are in a state of flux, and we may become subject to other forms of taxation, tariffs and duties in these jurisdictions. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected. Also, China's Xinjiang Uyghur Autonomous Region (the "XUAR") is the source of large amounts of textiles for the global apparel supply chain. The United States Treasury Department placed sanctions on China's Xinjiang Production and Construction Corporation ("XPCC") for serious human rights abuses against ethnic minorities in XUAR. Additionally, the U. S.'s Uyghur Forced Labor Prevention Act ("UFLPA"), empowers the U. S. Customs and Border Protection Agency (the "U. S. CBP") to withhold release of items produced in whole or in part in the XUAR, or produced by companies included on a UFLPA entity list, creating a presumption that such goods were produced using forced labor. XPCC controls much of the textile industry in the region, and many large factories in XUAR produce fabrics and yarn for apparel. Although our brands do not intentionally source any products or materials from the XUAR (either directly or indirectly through our suppliers) and we have no known involvement with XPCC or its subsidiaries and affiliates, we do not have the ability to completely map our product supply chain, and we could be subject to penalties, fines or sanctions if any of our suppliers is found to have dealings, directly or indirectly, with XPCC or entities it controls. Additionally, our products could be held or delayed by the U. S. CBP, which would cause delays and unexpectedly affect our inventory levels. Even if we were not subject to penalties, fines or sanctions, if our products are linked in any way to XPCC, the XUAR, or an entity on the UFLPA entity list, our reputation could be damaged. The apparel, footwear and accessories industries are subject to rapid changes in consumer preferences, and if we do not accurately anticipate and promptly respond to changes in consumer preferences, we could lose sales, our relationships with customers could be harmed and our brand loyalty could be diminished. The apparel, footwear and accessories industries are subject to rapid changes in consumer preferences and tastes, which can make it difficult to anticipate demand for our products and forecast our financial results. We believe there are many factors that may affect the demand for our products, including: • seasonality, including the impact of anticipated and unanticipated weather conditions; • consumer acceptance of our existing products and acceptance of our new products, including our ability to develop new products that are private label or exclusive; • consumer demand for products of our competitors; • consumer perceptions of and preferences for our products and brands, including as a result of evolving ethical or social standards; • the extent to which consumers view certain of our products as substitutes for other products we manufacture; • publicity, including social media, related to us, our products, our brands, our marketing campaigns and our influencer endorsers; • the life cycle of our products and consumer replenishment behavior; • evolving fashion and lifestyle trends, and the extent to which our products reflect these trends; • brand loyalty; and • changes in consumer confidence and buying patterns, and other factors that impact discretionary income and spending. Consumer demand for our products depends in part on brand loyalty and the continued strength of our brands, which in turn depend on our ability to anticipate, understand and promptly respond to the rapidly changing preferences and fashion tastes for apparel, footwear and accessories, as well as consumer spending patterns. As our brands and product offerings continue to evolve, it is necessary for our products to appeal to an even broader range of consumers whose preferences cannot be predicted with certainty. For example, many of our products include a fashion element and could go out of style quickly. Furthermore, we are dependent on consumer receptivity to our new products and to the marketing strategies we employ to promote those products. Consumers may not purchase new models and styles of apparel, footwear and accessories in the quantities projected or at all. If we fail to predict or react appropriately to changes in consumer preferences and fashion trends or fail to adapt to shifting spending patterns or demand, consumers may consider our brands and products to be outdated or unattainable or associate our brands and products with styles that are no longer popular, which may adversely affect our overall financial performance. If we fail to acquire new customers, or fail to do so in a cost- effective manner, we may not be able to increase net sales or maintain profitability. Our success depends on our ability to acquire customers in a cost- effective manner. In order to expand our customer base, we must appeal to and acquire customers who have historically used other means of commerce in shopping for apparel and may prefer alternatives to our offerings, such as traditional brick- and- mortar retailers or

the websites of our competitors. If we fail to deliver a quality online experience, or if consumers do not perceive the products we offer to be of high value and quality, we may not be able to acquire new customers. Our marketing strategy includes using social media platforms as marketing tools and maintaining relationships with social media influencers. As social media platforms continue to rapidly evolve and new platforms develop we must continue to maintain a presence on these platforms and establish a presence on new or emerging social media platforms. If marketing through social media influencers becomes less effective at engaging new customers, our ability to drive new growth may be negatively impacted, and marketing costs may increase materially, which would negatively impact sales and margins. We also seek to engage with our customers and build awareness of our brands through sponsoring unique events and experiences. These events may fail to promote awareness of our brands and products and may not generate a meaningful return on investment. We also acquire and retain customers through retargeting, paid search and product listing ads, affiliate marketing, paid social, personalized email marketing, SMS text and mobile “push” communications through our mobile apps. Search engines frequently change the algorithms that determine the ranking and display of results of a user’s search and may make other changes to the way results are displayed, or may increase the costs of advertising, which can negatively affect the placement of our links and, therefore, reduce the number of our visits to our websites and social media channels, or make such marketing cost prohibitive. In addition, social media platforms typically require compliance with their privacy policies, which may be subject to change or new interpretation with limited ability to negotiate. If we are unable to cost-effectively use on-line marketing tools or if the social media platforms we use change their policies or algorithms, we may not be able to cost-effectively drive traffic to our websites, and our ability to acquire new customers could suffer. Conversely, if these on-line marketing tools are successful in driving traffic to our sites, they could cause the “runaway promo code effect” of pricing and promotional errors that are amplified by the wide dissemination to a larger consumer audience, which could adversely impact our operating results. If our marketing efforts are not successful in promoting awareness of our brands and products, driving customer engagement or attracting new customers, or if we are not able to cost-effectively manage our marketing expenses, our operating results will be adversely affected. If we fail to retain existing customers, or fail to maintain average order value levels, we may not be able to maintain our revenue base and margins, which would have a material adverse effect on our business and operating results. A significant portion of our net sales are generated from sales to existing customers, particularly those existing customers who are highly engaged and make frequent purchases of the merchandise we offer. If existing customers no longer find our offerings appealing, or if we are unable to timely update our offerings to meet current trends and customer demands, our existing customers may make fewer or smaller purchases in the future. A decrease in the number of our customers who make repeat purchases or a decrease in their spending on the merchandise we offer could negatively impact our operating results. Further, we believe that our future success will depend in part on our ability to increase sales to our existing customers over time, and if we are unable to do so, our business may suffer. If we fail to generate repeat purchases or maintain high levels of customer engagement and average order value, our growth prospects, operating results and financial condition could be materially adversely affected. Our business depends on effective marketing and high customer traffic. We have many initiatives in our marketing programs, particularly with regard to our websites, mobile applications and our social media presence. If our competitors increase their spending on marketing, if our marketing expenses increase, if our marketing becomes less effective than that of our competitors, or if we do not adequately leverage technology and data analytics capabilities needed to generate concise competitive insight, we could experience a material adverse effect on our results of operations. Among other factors, (1) a failure to sufficiently innovate or maintain effective marketing strategies and (2) U. S. and foreign laws and regulations that make it more difficult or costly to digitally market, such as the European Union General Data Protection Regulation (“GDPR”) and the California Consumer Privacy Act of 2018 (“CCPA”), may adversely impact our ability to maintain brand relevance and drive increased sales. See “— Risks Relating to Laws and Regulation — Changes in laws or regulations relating to data privacy and security, or any actual or perceived failure by us to comply with such laws and regulations, or contractual or other obligations relating to data privacy and security, could lead to government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could have a material adverse effect on our reputation, results of operations, financial condition and cash flows.” Merchandise returns could materially harm our business. We allow our customers to return products, subject to our return policy. If the rate of merchandise returns increases significantly or if merchandise return economics become less efficient, our business, financial condition and operating results could be harmed. Further, we may modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of product returns. From time to time our products are also damaged in transit, which can increase return rates and harm our brand. We purchase inventory in anticipation of sales, and if we are unable to manage our inventory effectively, our operating results could be materially adversely affected. Our business requires us to manage a large volume of inventory, including precise quantities across a large number of different products, effectively. We add new apparel, footwear and accessories styles to our sites every week, and we depend on our forecasts of demand to make purchasing decisions and manage our inventory of stock-keeping units, or SKUs. Demand for products, however, can change significantly between the time inventory is ordered and the date of sale. Demand may be affected by, among other things, new trends, seasonality, new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, including adverse macroeconomic conditions such as inflation, political instability and social unrest. Our customers may not purchase products in the quantities that we expect. It may be difficult to accurately forecast demand and determine appropriate levels of product. We generally do not have the right to return unsold products to our suppliers. In addition, Culture Kings, whose inventory includes third-party products, may not be able to adjust its inventory rapidly. If we fail to manage our inventory effectively or negotiate favorable credit terms with third-party suppliers, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values and significant inventory write-downs or write-offs. In addition, if we are required to lower sale prices in order to reduce inventory levels or to pay higher prices to our suppliers, our

profit margins may be negatively affected. Any failure to manage brand expansion or accurately forecast demand for brands could adversely affect our growth and our margins. Privacy concerns and regulatory restrictions regarding the collection, use and processing of data could limit our ability to identify and respond to trends and to manage inventory. In addition, our ability to meet customer demand may be negatively impacted by a shortage in inventory due to reduced inventory purchases or disruptions in the supply chain due to a number of factors. All of these challenges in our supply chain have affected, and may in the future affect, the quality of our products, the volume of refunds and returns, our brand reputation and our customers' satisfaction and loyalty. Our business depends upon sales of third- party merchandise, and our inability to procure sufficient quantities of third- party merchandise on favorable terms or at all could materially adversely affect our business, operating results and growth prospects. Our profitability relies in part upon sales of third- party merchandise. Third- party merchandise may not continue to be available in sufficient quantities to meet our customers' demand or at all or priced appropriately for us to continue to resell, including as a result of third- party brands increasingly limiting wholesale distribution and shifting to selling directly to consumers. Our reliance on third- party merchandise may heighten the risks we face with respect to inventory procurement, including supply chain challenges, relationships with suppliers, accounts receivable and related potential impairment charges. Failure to adequately address these and other risks and challenges relating to our third- party merchandise may harm our relationship with suppliers, consumers and merchants and adversely affect our business, operating results and growth prospects. We may be unsuccessful in identifying brands to acquire and in integrating and managing our acquisitions and investments to expand the number of brands on our platform. We have acquired five businesses to date, and we intend to acquire or invest in additional companies to increase the number of brands in our platform. Any such business acquisitions and investments could be significant and could have a material impact on our business, financial condition and results of operations. We regularly identify and evaluate potential business acquisitions and investments, and we typically have a pipeline of acquisition and investment opportunities of different stages of evaluation. There are numerous risks associated with our acquisition strategy, including: • our inability to identify appropriate candidates for acquisition; • competition for acquisition targets driving up purchase prices; • disruption of our ongoing business, including loss of management focus on existing businesses; • problems retaining key personnel; • unanticipated operating losses and expenses of the businesses we acquire or in which we invest; • risks of losing a target company' s customer and other relationships; • the difficulty of completing acquisitions or investments and achieving anticipated benefits within expected timeframes, or at all; • the difficulty of integrating acquired brands on our platform, and unanticipated expenses related to their integration; • the difficulty of integrating another company' s accounting, financial reporting, management, information and data security, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not successfully implemented; • losses we may incur as a result of declines in the value of an acquisition or an investment or as a result of incorporating its financial performance into our financial results, and our dependence on its accounting, financial reporting, systems, controls and processes; • the risks associated with businesses we acquire or invest in, which may differ from or be more significant than the risks our existing businesses face; • potential unknown, unidentified or undisclosed liabilities or risks associated with a company we acquire or in which we invest; and • for foreign transactions, additional risks related to the integration of operations across different cultures and languages, and the economic, political and regulatory risks associated with specific countries. We are constantly evaluating opportunities for such acquisitions in both the near- and long- term. We are not party to any definitive agreements in respect of any such acquisition targets, but it is possible discussions relating to one or more of these potential acquisitions could advance and it is possible we could sign or complete any such transactions shortly after we complete this filing. We cannot assure you that we will become a party to any definitive agreements to consummate a transaction, or that if we do become a party to such agreements that we will be able to close the transactions and acquire the relevant target company. In order to fund future acquisitions or investments, we expect to issue additional equity securities, spend our cash or incur debt, which may only be available on unfavorable terms, if at all. Any such financing to fund future acquisitions or investments may change our leverage profile, potentially significantly. In addition, any shares of our common stock or other equity -linked securities that we issue in connection with an acquisition or investment could constitute a material portion of our then- outstanding shares of common stock, which could adversely affect the price of our common stock and result in significant dilution to your ownership interest. In addition, valuations supporting our acquisitions and strategic investments could change rapidly. We could determine that such valuations have experienced impairments or other- than- temporary declines in fair value which could adversely impact our financial results. We may record contingent liabilities and amortization expenses related to intangible assets as a result of acquisitions. Our growth prospects are dependent on our ability to identify and acquire additional brands and integrate them on our platform, and our failure to do so may negatively impact our future growth and, as a result, our results of operations. Finally, any acquisitions we do make may cause large one- time expenses or create goodwill or other intangible assets that could result in significant impairment charges, such as the recent impairment charges related to the Culture Kings and Petal & Pup reporting unit goodwill (see Note 6, "Goodwill," in the notes to our consolidated financial statements included in this Annual Report on Form 10- K). We also make certain estimates and assumptions in order to determine purchase price allocation and estimate the fair value of assets acquired and liabilities assumed. If our estimates or assumptions used to value these assets and liabilities are not accurate, we may be exposed to losses that may be material. We may not succeed in our growth strategy. One of our key strategic objectives is growth, which we pursue organically and through acquisitions. In particular, we seek to grow by attracting new fashion brands to our platform, winning new customers to expand our market share, marketing our brands in new regions, building on economies of scale, leveraging our supply chain and information technology capabilities across our company, expanding our direct- to- consumer business and growing our eCommerce business. However, we may not be successful in growing our business. For example: • we may have difficulty growing our brands as demand falls in a challenging macroeconomic environment; • we may have difficulty completing acquisitions to expand our platform, and we may not be able to successfully integrate a newly acquired business or achieve the

expected growth, cost savings or synergies from such integration, or it may disrupt our current business; • we may not be able to continue to evolve to meet our customers' changing needs and expectations, and our existing customers may reduce their purchases of our products; • we may not successfully expand our market share by winning new customers; • our brands may not be widely accepted in new countries or regions; • we may have difficulty recruiting, developing or retaining qualified employees; • we may not be able to manage our growth effectively, adapt our business model or develop relationships with customers or successfully operate our Culture Kings and Princess Polly brick- and- mortar stores, ~~including our first flagship U. S. Culture Kings store in Las Vegas,~~ which exposes us to premises liability, such as slip and falls, and may subject us to greater potential labor union activity; • we may not be successful in opening new brick- and- mortar stores, including the **additional** planned Princess Polly locations in the U. S.; • we may not be successful in securing wholesale partnerships or securing favorable terms; • we may not successfully identify the correct markets in which to open retail stores for our brands; • we may not be able to scale the abilities of our supply chain operations to meet increased consumer demand, and we may not be able to offset rising materials, procurement and shipping costs with pricing actions or efficiency improvements; • any new brands we acquire might cannibalize our existing brands and cause a decrease in sales of our existing brands; and • we may not be able to complete dispositions of nonstrategic assets in the future. We are also required to manage numerous relationships with various suppliers, vendors and other third parties. Changes in our suppliers, vendor base, distribution centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage the growth of our organization effectively, our business, financial condition and operating results may be adversely affected. If we fail to continue to develop and grow our business, our financial condition and results of operations may be materially adversely affected. Our growth plan contemplates expansion into new markets, and our efforts to expand may ultimately be unsuccessful. Our growth plan includes introducing our brands globally, including in countries and regions where we have no or limited operating experience. Expanding into new countries and regions involves significant risk, particularly if we have no experience in marketing, selling and engaging with customers in the market. For example, ~~in November 2022, we plan to opened--~~ **open** our first **Princess Polly U. S. flagship** store for our brand, Culture Kings, in Las Vegas, Nevada **New York City in the first quarter of 2025**. There is no guarantee that the success of a brand in Australia will translate to the success of that brand in other countries, such as **the U. S., and there is no guarantee that our success in certain locations in the U. S. will translate to success in other locations in** the U. S. Our efforts to expand into new countries and regions could fail for many reasons, including our failure to accurately or timely identify apparel trends in new markets, different consumer demand dynamics and lack of acceptance of new offerings by existing or new users, our failure to promote the new markets effectively or negative publicity about us or our new markets. In addition, these initiatives may not drive increases in revenue, may require substantial investment and planning and may bring us more directly into competition with companies that are better established, operate more effectively or have greater resources than we do. There is additional complexity associated with local laws, tariffs and shipping logistics in new countries where our brands do not have an established presence. Expanding into new markets will require additional investment of time and resources of our management and personnel. If we are unable to cost- effectively expand into new countries and regions, then our growth prospects and competitive position may be harmed and our business, results of operations, and financial condition may suffer. A growing portion of our revenue is derived from wholesale and third- party marketplace partners, and the loss of any of these wholesale or third- party marketplace partners could **reduce--result in a material reduction in** our total revenue. We have entered into a number of wholesale and third- party marketplace partnerships and intend to continue growing these initiatives. A decision by any of our major wholesale or third- party marketplace partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us, or to change their manner of doing business with us, could substantially reduce our revenue and have a material adverse effect on our profitability. Furthermore, our results of operations could be adversely affected if any of these partners fails to satisfy its payment obligations to us when due or no longer takes part in distribution arrangements. These changes could also decrease our opportunities in the market and decrease our negotiating strength with our wholesale and third- party marketplace partners. Any of these developments could adversely impact our financial condition and results of operations. We face risks from our international business. Our current growth strategy includes plans to expand our digital marketing and grow our eCommerce and retail presence internationally over the next several years. As we seek to expand internationally, we face competition from more established retail competitors. Consumer demand and behavior, as well as cultures, and tastes and purchasing trends, may differ, and as a result, sales of our merchandise may not be successful, or the margins on those sales may not be in line with our expectations. Our ability to conduct business internationally may be adversely impacted by geopolitical (such as the Russian invasion of Ukraine, relations between China and Taiwan, **trade wars,** or **relations between** the ~~ongoing conflict in the Middle East~~ **U. S. and Mexico**), economic, and public health events, the manner in which governments respond to such events, as well as the global economy. Any challenges that we encounter as we expand internationally may divert financial, operational and managerial resources from our existing operations, which could adversely impact our financial condition and results of operations. Shipping is a critical part of our business and any interruptions in, or increased costs of, shipping could **materially** adversely affect our operating results. We currently rely on third- party vendors for our inbound and outbound customer freight. If we are not able to negotiate acceptable pricing and other terms with these vendors or they experience operational problems or other difficulties, our customers' experience could be negatively impacted. For example, shipping delays could delay delivery of products to our customers and increase the time it takes to process customer returns. Our ability to receive inventory and ship merchandise to customers may be negatively affected by weather, fire, flood, power loss, earthquakes, public health crises, labor disputes, acts of war or terrorism, including attacks on shipping vessels in the Red Sea, port closures, import and export tariffs, complex local laws and other factors. Even if such events do not directly affect us or our suppliers, such events may cause disruption or congestion in transportation networks, which could affect us or our suppliers. We have experienced, and in the future we may experience, meaningful delays and

unpredictability with sea freight transportation, resulting in increased reliance on air freight transportation. Although we have been able to use more sea freight transportation in recent years, we expect continued volatility in demand and prices for shipping services. While we have been able to offset increased shipping prices in the past to some extent, there can be no assurance that we will continue to be able to do so, or that prices for shipping services will not increase to a level that does not permit us to do so. In the past, strikes at and closures of major international shipping ports have impacted our supply of inventory from our vendors. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our merchandise is not delivered in a timely manner or is damaged or lost during the delivery process, our consumers could become dissatisfied and cease purchasing our products, which would **materially** adversely affect our business and operating results. Our direct- to- consumer business model is subject to risks that could have **an a material** adverse effect on our results of operations. We sell merchandise direct- to- consumer through our eCommerce sites. Our direct- to- consumer business model is subject to numerous risks that could have a material adverse effect on our results. Risks include, but are not limited to, (i) resellers purchasing private label and exclusive merchandise and reselling it outside of authorized distribution channels, (ii) failure of the systems that operate our eCommerce websites, and their related support systems, including computer viruses, (iii) theft of customer information, privacy concerns, telecommunication failures and electronic break- ins and similar disruptions, (iv) credit card fraud and (v) risks related to our supply chain and fulfillment operations. Risks specific to operating an eCommerce business also include (i) the ability to optimize the online experience and direct eCommerce channels to consumer needs, (ii) liability for copyright and trademark infringement, (iii) changing patterns of consumer behavior and (iv) competition from other eCommerce and brick- and- mortar retailers. Our failure to successfully respond to these risks might **materially** adversely affect our sales, as well as damage our reputation and brands. Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties. We use third- party social media platforms as, among other things, marketing tools. For example, our brands maintain Instagram, Facebook, YouTube, SnapChat and TikTok accounts. We also maintain relationships with many social media influencers and engage in sponsorship initiatives. As existing eCommerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost- effectively use social media platforms as marketing tools or if the social media platforms we use change their policies or algorithms, we may not be able to fully optimize such platforms, and our ability to maintain and acquire customers and our financial condition may suffer. Furthermore, as laws, regulations, policies governing platforms and public opinion rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers or third parties acting at our direction to abide by applicable laws, regulations and policies in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and operating results . **Further, if the use of these platforms are banned or otherwise limited in significant jurisdictions in which we operate, it could have a material adverse effect on our ability to market and engage in sponsorship initiatives in such jurisdictions. For example, on April 24, 2024, then- President Biden signed a bill that provided for the ban of TikTok in the United States, effective January 19, 2025, if ByteDance Ltd. (“ByteDance ”), TikTok’ s Chinese- based parent company, did not sell the platform to a non- Chinese owner (the “ U. S. TikTok Ban ”). On January 20, 2025, President Trump instructed the Attorney General of the United States not to take any action to enforce the U. S. TikTok Ban for a period of 75 days. There can be no assurance that ByteDance will sell TikTok to a non- Chinese owner or that the U. S. TikTok Ban will not be enforced. Although our TikTok accounts are managed by Australian employees and, therefore, we will still have access to TikTok if the U. S. TikTok Ban is enforced, the TikTok ban could have a material adverse effect on our ability to market, and the efficacy of such marketing, and engage in sponsorship initiatives in the U. S., which could have a material adverse effect on our results of operations .**

Our relationships with social media influencers and our sponsorship initiatives do not include any contractual commitments that they continue to be supportive of our brands or products, and there can be no assurance that they will continue to do so. For example, changes in fashion trends, consumer sentiment or public perceptions of our brands could adversely impact our relationships with social media influencers. Any negative publicity created by a social media influencer or participant in a sponsorship initiative who we formerly engaged or who is no longer supportive of our brands may reduce our sales, and may mean that we become more reliant on paid advertising and other paid promotions. The costs to enter into relationships with social media influencers or engage in sponsorship initiatives may also increase over time, which may also negatively impact our margins and results of operations. In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the FTC has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an advertiser. We do not prescribe what our influencers post, and if we were held responsible for the content of their posts or their actions, we could be fined or forced to alter our practices, which could have an adverse impact on our business. Negative commentary regarding us, our products or influencers who promote our brands and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Influencers with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. Any such negative commentary could drive large- scale social movements against us, our products, or our brands and result in customer boycotts. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. Consumers often value readily available information and may act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction. Our stock price has declined when our operating results have differed from our expectations or the

expectations of securities analysts or investors. We have failed, and in the future may fail, to achieve our projected results or to meet the expectations of securities analysts or investors. Failure to meet such projected results or expectations has resulted in significant stock price declines, which do not necessarily correlate with the shortfall in our financial performance. Our short operating history as a holding company with a portfolio of newly acquired brands, our continuing evolution as we acquire and integrate brands and enter new markets, and general macroeconomic conditions have negatively affected our ability to forecast our consolidated operating results. If our future operating results are below the expectations of securities analysts or investors, or below any financial guidance we may provide to the market, our stock price may further decline. Our operating results fluctuate from period to period. Our business experiences seasonal fluctuations in shipping rates, consumer demand, net sales and operating income, with a significant portion of net income typically realized in the spring and summer seasons. Historically, and consistent with the retail industry, this seasonality also impacts our working capital requirements, particularly with regard to inventory. Any decrease in sales or gross profit during this period, or in the availability of working capital needed in the months preceding this period, could have a more material adverse effect on our business, financial condition and results of operations than in other periods. Seasonal fluctuations also affect our inventory levels, as we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before the holiday selling periods. We must also carefully plan our inventory around Chinese New Year when inventory supply is constrained and materials and inbound freight costs are higher. If we are not successful in managing our inventory or fail to execute on our strategy, we may be forced to rely on markdowns or promotional sales to dispose of the excess inventory or we may not be able to sell the inventory at all, which could have a material adverse effect on our business, financial condition and results of operations. Certain of our key operating metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We track certain key operating metrics using internal data analytics tools, which have certain limitations. In addition, we rely on data received from third parties, including third-party platforms, to track certain performance indicators. Data from both such sources may include information relating to fraudulent accounts and interactions with our sites or the social media accounts of our influencers (including as a result of the use of bots, or other automated or manual mechanisms to generate false impressions that are delivered through our sites or their accounts). We have only limited abilities to verify data from our sites or third parties, and perpetrators of fraudulent impressions may change their tactics and may become more sophisticated, which would make it still more difficult to detect such activity. Our methodologies for tracking metrics may also change over time, which could result in changes to the metrics we report. If we undercount or overcount performance due to the internal data analytics tools we use or issues with the data received from third parties, or if our internal data analytics tools contain algorithmic or other technical errors, the data we report may not be accurate or comparable with prior periods. In addition, limitations, changes or errors with respect to how we measure data may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our performance metrics are not accurate representations of the reach or monetization of our brand, if we discover material inaccuracies in our metrics or the data on which such metrics are based, or if we can no longer calculate any of our key performance metrics with a sufficient degree of accuracy and cannot find an adequate replacement for the metric, our business, financial condition and operating results could be **materially** adversely affected. Our business and the success of our products could be **materially** harmed if we are unable to maintain our corporate integrity or the images and reputation of our brands. Our success to date has been due in large part to the growth of our brands' images and our customers' connection to our brands. If we are unable to timely and appropriately respond to changing consumer demands, the names and images of our brands may be impaired. Even if we react appropriately to changes in consumer preferences, consumers may consider our brands' images to be outdated or associate our brands with styles that are no longer popular. In addition, brand value is based in part on consumer sentiment about merchandise quality and corporate integrity, including our ability to operate responsibly through our commitment to responsible fashion and sustainability. A perception that introducing a high volume of styles and manufacturing and selling of fast fashion at scale results in lower quality or increased textile waste, or that we are not honoring our commitment to responsible fashion, could harm our reputation. Our reputation could also be adversely affected by negative consumer perception of our sourcing concentration in particular countries. Negative perceptions of our product quality, product design, product components or materials or customer service could harm our brand loyalty and the value of our business. The unauthorized resale of our merchandise outside of approved distribution channels, sales of counterfeit items on third-party websites and similar deviations from the brand identity could negatively affect consumers' perception of our products and harm our reputation. In addition, negative claims or publicity regarding us, our products, our brands, our marketing campaigns, or our influencer endorsers, could adversely affect our reputation and sales regardless of whether such claims are accurate. Social media, which accelerates the dissemination of information, can increase the challenges of responding to negative perceptions or claims. In the past, many apparel companies have experienced periods of rapid growth in sales and earnings followed by periods of declining sales and losses. Our businesses may be similarly affected in the future. In addition, we have sponsorship contracts with a number of influencers and feature those individuals in our advertising and marketing efforts. Failure to continue to obtain or maintain high-quality sponsorships and endorsers could harm our business. In addition, actions taken by social media influencers or celebrity endorsers that harm their own reputations could adversely affect the images of our brands by association. If consumers begin to have negative perceptions of our brands, whether or not warranted, our brand image would become tarnished and our products would become less desirable, which could have a material adverse effect on our business. We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our consumers would have to pay for our **offering offerings** and adversely affect our operating results. In general, we have not historically collected state or local sales, use or other similar taxes in any jurisdictions in which we do not have a tax nexus, in reliance on court decisions or applicable exemptions that restrict or preclude the imposition of obligations to collect such taxes with respect to online sales of our products. In addition, we have not historically collected state or local sales, use or other similar taxes in

certain jurisdictions in which we do have a physical presence, in reliance on applicable exemptions. On June 21, 2018, the U. S. Supreme Court decided, in *South Dakota v. Wayfair, Inc.*, that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. A number of states have already begun, or have positioned themselves to begin, requiring sales and use tax collection by remote vendors and / or by online marketplaces. The details and effective dates of these collection requirements vary from state to state. While we now collect, remit and report sales tax in all states that impose a sales tax, it is still possible that one or more jurisdictions may assert that we have liability for previous periods for which we did not collect sales, use or other similar taxes, and if such an assertion or assertions were successful it could result in substantial tax liabilities, including for past sales taxes and penalties and interest, which could materially adversely affect our business, financial condition and operating results. Our business is exposed to the risks of foreign currency exchange rate fluctuations. Our international businesses operate in functional currencies other than the U. S. dollar. A significant percentage of our total revenues (approximately **36 % and 42 % and 49 %** in **2024 and 2023 and 2022**, respectively) is derived from markets outside the U. S. Changes in currency exchange rates affect the U. S. dollar value of prices at which we purchase products and incur costs outside the U. S. In addition, for most of our brands, the majority of products are sourced from suppliers located in China. Changes in foreign currency exchange rates could have an adverse impact on our financial condition, results of operations and cash flows. We are also exposed to currency translation risk because the results of our Australian businesses are generally reported in local currency, which we then translate to U. S. dollars for inclusion in our financial statements. As a result, exchange rate changes between foreign currencies and the U. S. dollar affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. We expect that our exposure to foreign currency exchange rate fluctuations will grow as the relative contribution of our non- U. S. operations increases. The effects of weather conditions, natural disasters or other unexpected events, including global health crises may disrupt our operations and have a negative impact on our business. The effects of global climate change, such as extreme weather conditions and natural disasters occurring more frequently or with more intense effects, or the occurrence of unexpected events including wildfires, tornadoes, hurricanes, earthquakes, floods, tsunamis and other severe hazards could adversely affect our business, financial condition, results of operations and cash flows. Extreme weather, natural disasters, power outages or other unexpected events could disrupt our operations by impacting the availability and cost of materials needed for manufacturing, causing physical damage and partial or complete closure of our manufacturing sites or distribution centers, loss of human capital, temporary or long- term disruption in the manufacturing and supply of products and services and disruption in our ability to deliver products and services to customers. These events and disruptions could also adversely affect our customers' and suppliers' financial condition or ability to operate, resulting in reduced customer demand, delays in payments received or supply chain disruptions. Further, these events and disruptions could increase insurance and other operating costs, including impacting our decisions regarding construction of new facilities to select areas less prone to climate change risks and natural disasters, which could result in indirect financial risks passed through the supply chain or other price modifications to our products and services. Global health crises, ~~such as the COVID-19 pandemic~~ or any other actual or threatened epidemic, pandemic, or outbreak and spread of a communicable disease or virus in the countries where we operate or sell products could adversely affect our operations and financial performance. Further, any national, state or local government mandates or other orders taken to minimize the spread of a global health crisis could restrict our ability to conduct business as usual, as well as the business activities of our key customers and suppliers, including the potential for labor shortages. In particular, the ultimate extent of the impact of any epidemic, pandemic or other global health crisis on our business, financial condition and results of operations will depend on future developments which are highly uncertain and cannot be predicted, including new information that may emerge concerning the duration and severity of such epidemic, pandemic or other global health crisis, actions taken to contain or prevent their further spread and the pace of global economic recovery following containment of the spread. If we fail to retain key personnel, including our executive officers and the founders of our brand, or attract additional qualified personnel, effectively manage succession or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected. Our success, including our ability to effectively anticipate and respond to changing style trends, depends in part on our ability to retain key personnel and attract additional qualified personnel for our executive team and on our merchandising, marketing and other teams. We do not have long- term employment with any of our personnel, including our brand founders, and only have limited non- compete agreements for a term of fewer than three years. Senior employees, including our executive officers and the founders of our brands, have left us or taken medical absences in the past and others may leave us in the future, which we cannot necessarily anticipate and whom we may not be able to promptly replace. The loss or absence of one or more of our key personnel or the inability to promptly identify a suitable or temporary successor to a key role could have an adverse effect on our business. Further, if any of our brand founders or other key personnel leave to join or create competing brands, our business may suffer additional adverse consequences. We do not currently maintain key- person life insurance policies on any member of our senior management team or other key employees. ~~On March 9, 2023, we announced that Jill Ramsey, our Chief Executive Officer, and our Board determined that Ms. Ramsey would take time to work through unforeseen medical issues. The Board also appointed Ciaran Long, our Chief Financial Officer, to serve as acting Chief Executive Officer on an interim basis. On November 7, 2023, we announced that Ms. Ramsey and our Board determined that Ms. Ramsey will no longer serve as our Chief Executive Officer. Mr. Long remains our interim Chief Executive Officer while our Board searches for a permanent Chief Executive Officer. Any failure to identify a suitable permanent Chief Executive Officer candidate and ensure an effective transfer of knowledge and a smooth transition could impact our business strategy, our relations with investors, suppliers and customers and affect employee morale.~~ We also face significant competition for personnel. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We may also need to increase our employee compensation levels in response to competition. We cannot be sure that

we will be able to attract, retain and motivate a sufficient number of qualified personnel in the future, or that the compensation costs of doing so will not adversely affect our operating results. In addition, we may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, and employee morale, productivity and retention could suffer, which may have an adverse effect on our business, financial condition and operating results. Our decentralized brand management structure could negatively impact our business. We cannot be certain that our brand management structure will be adequate to support our operations as they expand. In order to maintain the identity of each of our brands, we utilize a decentralized brand structure which places significant control and decision-making powers in the hands of the management of each of our brands. This contributes to the risk that we may be slower or less able to identify or react to problems affecting key business matters than we would in a more centralized environment. The lack of timely access to information may also impact the quality of decision making by management. For example, our ability to coordinate and utilize resources depends on effective communications and processes among our brands. As a result, the ability to internally communicate, coordinate and execute business strategies, plans and tactics may be negatively impacted by our increasing size and complexity. Our decentralized organization can also result in our brands assuming excessive risk without appropriate guidance from our centralized legal, accounting, safety, tax, treasury and insurance functions. Future growth could also impose significant additional responsibilities on members of our senior management, and we cannot be certain that we will be able to recruit, integrate and retain new senior level managers and executives. To the extent that we are unable to manage our growth effectively or are unable to attract and retain additional qualified management, we may not be able to expand our operations or execute our business plan. Increases in labor costs, fluctuations in wage rates and the price, availability and quality of raw materials and finished goods could increase costs and could **materially** adversely affect our business, financial condition and results of operations. Labor is a significant portion of our cost structure and is subject to many external factors, including unemployment levels, prevailing wage rates, minimum wage laws, potential collective bargaining arrangements, health insurance costs and other insurance costs and changes in employment and labor legislation or other workplace regulation, including at the federal level and in California and a number of other states. As minimum wage rates increase or related laws and regulations change, we may need to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly or salaried employees. Any increase in the cost of our labor could have an adverse effect on our business, financial condition and results of operations or if we fail to pay such higher wages we could suffer increased employee turnover. Increases in labor costs could force us to increase prices, which could adversely impact our sales. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline and could have a material adverse effect on our business, financial condition and results of operations. In addition, fluctuations in the price, availability and quality of fabrics, leather or other raw materials used by our suppliers in our manufactured products, or of purchased finished goods, could have a material adverse effect on our cost of goods sold or our ability to meet our customers' demands. The prices we pay to our suppliers depend on demand and market prices for the raw materials used to produce our products. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including general economic conditions and demand, inflation, wage rates in China and other geographic areas where our suppliers are located, energy prices, weather patterns and public health issues. Increased demand for raw materials with a limited supply, such as sustainably harvested cotton, could negatively impact our ability to meet our customers' demands for certain products. Similarly, a significant portion of our products are manufactured in China, and declines in the value of the U. S. dollar may result in higher reported procurement costs. In the future, we may not be able to offset cost increases with other cost reductions or efficiencies or to pass higher costs on to our customers. This could have a material adverse effect on our results of operations, liquidity and financial condition. If we experience problems with our distribution and warehouse management systems, or if we do not successfully optimize, operate and manage the expansion of the capacity of our fulfillment centers, our ability to meet customer expectations, manage inventory, complete sales transactions and achieve objectives for operating efficiencies could be adversely affected. **In For the U. S. market, we primarily rely on fulfillment centers in California, which are operated by our third-party logistics provider, operated fulfillment centers in California for all of brands, but have begun moving our product distribution fulfillment operations to Mexico for Petal & Pup and mnm, beginning in the fourth quarter of 2024.** Our fulfillment centers include computer-controlled and automated equipment and rely on a warehouse management system to manage supply chain fulfillment operations, which means their operations are complicated and may be subject to a number of risks related to cybersecurity, the proper operation of software and hardware, electronic or power interruptions or other system failures. In addition, because most of our U. S. **and Mexico** fulfilled products are distributed from **three-two** primary fulfillment centers, our operations could also be interrupted by labor difficulties **or changes in the U. S. or Mexican political landscape**, or by floods, fires or other natural disasters near our fulfillment centers **. For example, in December 2024, the Mexican government issued a presidential decree which prevented us from accepting incoming deliveries to our Mexico fulfillment center. We were still able to fulfill out of the Mexico fulfillment center with the inventory remaining on hand, and were successfully able to divert inventory inbound to Mexico at the time of the decree to our facilities in California**. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system, such as the long-term loss of customers or an erosion of our brand image. Moreover, if we or our third-party logistics provider are unable to adequately staff our fulfillment centers to meet demand or if the cost of such staffing is higher than historical or projected costs due to mandated wage increases, regulatory changes, hazard pay, international expansion or other factors, our results of operations could be harmed. In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Our distribution capacity is also dependent on the timely performance of services by third parties, including the shipping of our products to and from our California distribution facilities. We may need to operate additional fulfillment centers

in the future to keep pace with the growth of our business, and we cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. We also anticipate the need to add fulfillment center capacity as our business continues to grow. If we add fulfillment and warehouse capabilities, add products categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging. The expansion of our fulfillment center capacity may put pressure on our managerial, financial, operational and other resources. We cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. In addition, we may be required to expand our capacity sooner than we anticipate. If we encounter problems with our distribution and warehouse management systems, or if we are unable to secure new facilities for the expansion of our fulfillment operations, recruit qualified personnel to support any such facilities or effectively control expansion-related expenses, our ability to meet customer expectations, manage inventory and fulfillment capacity, complete sales transactions, fulfill orders in a timely manner and achieve objectives for operating efficiencies could be adversely affected, which could also harm our reputation and our relationship with our customers. Our brand depends in part on our ability to promote responsible fashion from an ethically- and sustainably-sourced supply chain. If we are unable to do so, damage to our brand and reputation could result or we may fail to expand our brand which would harm our business and results of operations. Our customers and employees are increasingly focused on environmental, social and governance or “sustainability” practices. We will depend significantly on building and maintaining our brand and reputation for promoting responsible fashion from an ethically- and sustainably-sourced supply chain to attract customers and employees and grow our business. If we are unable, for instance, to prioritize transparency among our employees, appropriately enforce fair labor practices, obtain our materials from ethical and sustainable suppliers or reduce waste, our brand and reputation could be significantly impaired, which could adversely affect our business, results of operations and financial condition. Customer values could shift faster than we are able to adjust our merchandise proposition. For example, weather impacts from global warming could continue to intensify and fuel increased customer sentiment for apparel that is more sustainably produced. While we are increasing our mix of sustainable fabrics, it may not be fast enough to keep up with a rapidly shifting customer sentiment and value system that is being accelerated by the impacts of global warming. If we are unable to evolve with our customers’ and employees’ expectations and standards, our brand, reputation and customer and employee retention may be negatively impacted. **Conversely, in recent years “anti-ESG” sentiment has gained momentum across the U. S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation, or initiatives or issued related legal opinions, and the Trump Administration having recently issued an executive order opposing diversity equity and inclusion (“DEI”) initiatives in the private sector. Such anti-ESG and anti-DEI-related policies, legislation, initiatives, litigation, legal opinions and scrutiny could result in additional compliance obligations, becoming the subject of investigations and enforcement actions, or sustaining reputational harm.**

Our balance sheet includes a significant amount of intangible assets and goodwill. A decline in the fair value of an intangible asset or of a business unit could result in an asset impairment charge, ~~such as the recent goodwill impairment charges related to the Culture Kings and Petal & Pup reporting units~~. Our policy is to evaluate indefinite-lived intangible assets and goodwill for possible impairment as of the beginning of the fourth quarter of each year, or whenever events or changes in circumstances indicate that the fair value of such assets may be below their carrying amount. In addition, intangible assets that are being amortized are tested for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For these impairment tests, we use various valuation methods to estimate the fair value of our business units and intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. In August 2023, due to elevated interest rates and unfavorable demand in Australia, the Company reduced its forecasts and expectations for the Culture Kings and Petal & Pup reporting units. This reduction was identified as a triggering event and a subsequent quantitative test concluded that the carrying value of the Culture Kings and Petal & Pup reporting units exceeded their fair values as of August 31, 2023. As a result, the Company recorded a non-cash goodwill impairment charge of \$ 68.5 million during the third quarter of 2023. It is possible that we could have another impairment charge for goodwill or intangible assets in future periods if (i) overall economic conditions in fiscal ~~2024~~ **2025** or future years vary from our current assumptions (including changes in discount rates), (ii) business conditions or our strategies for a specific business unit change from our current assumptions, (iii) investors require higher rates of return on equity investments in the marketplace, or (iv) enterprise values of comparable publicly traded companies, or of actual sales transactions of comparable companies, were to decline, resulting in lower comparable multiples of revenues and earnings before interest, taxes, depreciation and amortization and, accordingly, lower implied values of goodwill and intangible assets. Any future impairment charge for goodwill or intangible assets could have a material effect on our consolidated financial position or results of operations. We are, and may increasingly become, subject to various laws, directives, industry standards and regulations, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The regulatory environment related to data privacy and security is increasingly rigorous, with new and constantly changing requirements applicable to our business, and enforcement practices are likely to remain uncertain for the foreseeable future. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows. In the U. S., various federal and state regulators, including governmental agencies like the Consumer Financial Protection Bureau and the Federal Trade Commission (“FTC”), have adopted, or are considering adopting, laws and regulations concerning personal information and data security and have prioritized privacy and information security violations for enforcement actions. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or

other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. For example, the CCPA, which increases privacy rights for California residents and imposes obligations on companies that process their personal information, went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt- out of certain data sharing arrangements of personal information, and the ability to access and delete personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. We are also subject to international laws, regulations and standards in many jurisdictions, which apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information, such as GDPR. Furthermore, in November 2020, California voters passed the California Privacy Rights Act of 2020 (“ CPRA ”). Effective beginning January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding California residents’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and CPRA. Other jurisdictions in the U. S. have also adopted or are proposing privacy and data security laws that are similar or more restrictive than the CCPA, CPRA and GDPR, including the Virginia Consumer Data Protection Act, which became effective on January 1, 2023, the Colorado Privacy Act, which became effective in July 2023, and the Utah Consumer Privacy Act, which became effective in December 2023, further complicating the legal landscape. In addition, laws in all 50 U. S. states require businesses to provide notice to consumers whose personal information has been accessed or acquired as a result of a data breach, and, in some cases, provide notice to regulators. State laws are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted, which may add additional complexity, variation in requirements, restrictions and potential legal risks, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies. Although we are working to bring our data privacy and cybersecurity practices into compliance with the GDPR, CCPA and other privacy laws which apply to our business, we may not currently comply fully with all aspects of such laws. To the extent we are currently not in compliance with such laws, we may face increased legal, financial and regulatory risks. All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training associates and engaging consultants, which are likely to increase over time. The burdens imposed by privacy and data security laws and regulations may also limit our ability to analyze customer data, reduce the efficiency of our marketing, lead to negative publicity or make it more difficult to meet expectations of or commitments to clients, any of which could harm our business. In addition, these laws could impact our ability to offer our products in certain locations. These costs, burdens, and potential liabilities could be compounded if other jurisdictions in the U. S. or abroad begin to adopt similar or more restrictive privacy and data security laws. Such restrictions may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Any failure or perceived failure by us to comply with any applicable federal, state or foreign laws and regulations relating to data privacy and security, or even the perception that the privacy of personal information is not satisfactorily protected, could result in damage to our reputation and our relationship with our customers, as well as proceedings or litigation by governmental agencies or customers, including class action privacy litigation in certain jurisdictions, which could subject us to significant fines, sanctions, awards, penalties or judgments, any of which could result in costly investigations and litigation, civil or criminal penalties, operational changes and negative publicity that could adversely affect our reputation, as well as our results of operations and financial condition. We depend upon third- party suppliers and manufacturers, making us vulnerable to supply disruptions and price fluctuations. We rely on a number of third- party suppliers and manufacturers to provide our products, including one supplier that represents approximately 14.8% of our purchase orders. Our suppliers may encounter problems for a variety of reasons, including adverse macroeconomic conditions, unanticipated demand from larger customers, equipment malfunction, environmental factors and public health emergencies, any of which could delay or impede their ability to meet our demand. Our reliance on these third- party suppliers also subjects us to other risks that could harm our business, including: • interruption of supply resulting from modifications to, or discontinuation of, a supplier’ s operations; • delays in product shipments resulting from errors in manufacturing, defects or reliability issues from suppliers; • inability to obtain adequate supplies in a timely manner or on commercially reasonable terms; • difficulty locating and qualifying alternative suppliers, especially with respect to our 14.8% supplier; • the failure of our suppliers to comply with regulatory requirements, which could result in disruption of supply or increased expenses; and • inability of suppliers to fulfill orders and meet requirements due to financial hardships. If we are unable to arrange for third- party supply or manufacturing of our products, or to do so on commercially reasonable terms, we may not be able to complete development of, market and sell our current or new products. Failure to meet customer orders could result in loss of customers or harm our ability to attract new customers, either of which could have a material and adverse effect on our business, financial condition, results of operations and growth. Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results or financial condition. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, leases, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change or increase volatility of our reported or expected financial performance or financial condition. Refer to Note 2, “ Significant Accounting Policies, ” in the notes to our consolidated financial statements included in this Annual Report on

Form 10-K for a description of recent accounting pronouncements. Our business is subject to federal, state, local and international laws and regulations regarding consumer protection, promotions, safety and other matters. The costs of compliance with, or the violation of, such laws and regulations by us or by independent suppliers who manufacture products for us could have an adverse effect on our operations and cash flows, as well as on our reputation. Our business is subject to federal, state, local and international laws and regulations on a wide range of consumer protection, promotion and pricing of merchandise, safety and other matters. The merchandise we sell to our customers is subject to regulation by the Federal Consumer Product Safety Commission, the FTC and similar state and international regulatory authorities. For example, the FTC labeling regulations require us to accurately disclose, on our website and on every item of apparel, the country of origin for each item and the materials used in its manufacture. We are subject to risks related to the interpretation of state and local laws and regulations governing the collection and remittance of sales and use taxes, and laws and regulations governing pricing, promotions and sales. We could be adversely affected by costs of compliance with or violations of those laws and regulations. In addition, we require third-party suppliers to operate in compliance with applicable laws, rules and regulations regarding working conditions, safety, employment practices and environmental compliance, which could increase our costs due to the costs of compliance by those contractors. Failure by us or our third-party suppliers to comply with such laws and regulations, as well as with ethical, social, product, labor and environmental standards, or related political considerations, could result in interruption of finished goods shipments to us, cancellation of orders by customers and termination of relationships. If one of our independent contractors violates labor or other laws, implements labor or other business practices or takes other actions that are generally regarded as unethical, it could jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts that may reduce demand for our merchandise. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation. Climate change and increased focus by governmental and non-governmental organizations, customers, consumers and investors on sustainability issues, including those related to climate change, may adversely affect our business and financial results and damage our reputation. Our business and results of operations could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies, including the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change, which requires participating nations to reduce carbon emissions every five years beginning in 2023. Climate change may impact our business in numerous ways. For example, governments may impose new taxes to finance efforts to reduce the impact of climate change, any of which may increase shipping and freight costs and prices for our products. We also face the risk that governmental or non-governmental organizations may increase their focus on the fashion sector and implement greater environmental regulation on the fashion sector in the United States or the fashion sector in other markets. For example, the fashion industry's process for dyeing fabrics uses large quantities of water, and the disposition of the waste water directly impacts the environment. Increased scrutiny and regulation of this practice may adversely affect our business. Additionally, some scientists have concluded that increasing concentrations of greenhouse gases in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. Increased frequency of extreme weather could cause increased incidence of disruption to the production and distribution of our products and an adverse impact on consumer demand and spending. If any such climate changes were to occur, they could have an adverse effect on our financial condition and results of operations. Changes to U. S., Australian or international trade policy, tariff or import / export regulations or our failure to comply with such regulations may have a material adverse effect on our reputation, business, financial condition and results of operations. Changes in U. S., Australian or international social, political, regulatory or economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories or countries where we currently sell our products or conduct our business, as well as any negative sentiment toward the U. S. or Australia as a result of such changes, could adversely affect our business. The U. S. and Australian governments have from time to time instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U. S. and Australia, economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U. S., Australia and other countries where we conduct our business. **Specifically, President Trump has announced plans to impose broad-based tariffs on imports from many countries, including China, in which many of our third-party suppliers and manufacturers are based. Further, on February 1, 2025, President Trump announced a new 10 % ad valorem duty on goods imported from China and on February 27, 2025, President Trump announced his plan to impose an additional incremental 10 % tariff on goods imported from China, and there can be no assurances that the U. S. will not increase tariffs or impose additional tariffs in the future, or the manner in which China and its trade partners will respond.** It may be time-consuming and expensive for us to alter our business operations in order to adapt to or comply with any such changes. New tariffs and other changes in U. S. and Australian trade policy have in the past and could continue to trigger retaliatory actions by affected countries, and certain foreign governments have instituted or could consider imposing retaliatory measures on certain U. S. and Australian goods. We, similar to many other multinational corporations, do a significant amount of business that would be impacted by changes to the trade policies of the U. S., Australia, and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U. S. and Australian economy or certain sectors thereof, our industry and the global demand for our products, and as a result, could have a material adverse effect on our business, financial condition and results of operations. Our reliance on overseas manufacturing and supply partners, including vendors located in jurisdictions presenting an increased risk of bribery and corruption, exposes us to legal, reputational and supply chain risk through the potential for violations of federal and international anti-corruption law. We derive a significant portion of our merchandise for our owned brands from third-party

manufacturing and supply partners in foreign countries and territories, including countries and territories perceived to carry an increased risk of corrupt business practices. The U. S. Foreign Corrupt Practices Act (“FCPA”) prohibits U. S. corporations and their representatives from offering, promising, authorizing or making payments to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business abroad. Likewise, the SEC, the U. S. Department of Justice, OFAC, the U. S. Department of State, as well as other foreign regulatory authorities continue to enforce economic and trade regulations and anti- corruption laws, across industries. U. S. trade sanctions relate to transactions with designated foreign countries and territories as well as specially targeted individuals and entities that are identified on U. S. and other government blacklists, and those owned by them or those acting on their behalf. Notwithstanding our efforts to conduct our operations in material compliance with these regulations, our international vendors could be determined to be our “representatives” under the FCPA, which could expose us to potential liability for the actions of these vendors under the FCPA. If we or our vendors were determined to have violated OFAC regulations, the FCPA, the U. K. Bribery Act of 2010 or any of the anti- corruption and anti- bribery laws in the countries and territories where we and our vendors do business, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting certain business and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, the costs we may incur in defending against any anti- corruption investigations stemming from our or our vendors’ actions could be significant. Moreover, any actual or alleged corruption in our supply chain could carry significant reputational harms, including negative publicity, loss of goodwill and decline in share price.

Risks Relating to Our Intellectual Property Rights and Our Technology We rely significantly on information technology. Any inadequacy, interruption, integration failure or security failure of this technology could harm our ability to effectively operate our business. Our ability to effectively manage and operate our business depends significantly on information technology systems. We rely heavily on information technology to enable, track and facilitate sales and inventory and manage our supply chain. We are also dependent on information technology, including the internet, for our direct- to- consumer sales, including our eCommerce operations and retail business credit card transaction authorization. Despite our preventative efforts, our systems and those of our third- party service providers may be vulnerable to damage, failure or interruption due to viruses, data security incidents, technical malfunctions, natural disasters or other causes, or in connection with upgrades to our system or the implementation of new systems. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses or a breach in security of these systems could adversely impact the operations of our business, including our reputation, management of inventory, ordering and replenishment of products, manufacturing and distribution of products, eCommerce operations, retail business credit card transaction authorization and processing, corporate email communications and our interaction with the public on social media. A security breach or other disruption to our information technology systems could result in the loss, theft, misuse, unauthorized disclosure or unauthorized access of customer, supplier, or sensitive company information or could disrupt our operations, which could damage our relationships with customers, suppliers or employees, expose us to litigation or regulatory proceedings or harm our reputation, any of which could materially adversely affect our business, financial condition or results of operations. Our business involves the storage and transmission of a significant amount of personal, confidential, or sensitive information, including the personal information of our customers, credit card information, the personal information of our employees, information relating to customer preferences and our proprietary financial, operational and strategic information. The protection of this information is vitally important to us as the loss, theft, misuse, unauthorized disclosure or unauthorized access of such information could lead to significant reputational or competitive harm, result in litigation involving us or our business partners, expose us to regulatory proceedings and cause us to incur substantial liabilities, fines, penalties or expenses. As a result, we believe our future success and growth depends, in part, on the ability of our key business processes and systems, including our information technology and global communication systems, to prevent the theft, loss, misuse, unauthorized disclosure or unauthorized access of this personal, confidential and sensitive information, and to respond quickly and effectively if data security incidents do occur. As with many businesses, we are subject to numerous data privacy and security risks, which may prevent us from maintaining the privacy of this information, result in the disruption of our business and require us to expend significant resources attempting to secure and protect such information and respond to incidents, any of which could materially adversely affect our business, financial condition or results of operations. The frequency, intensity, and sophistication of cyber- attacks, ransom- ware attacks and other data security incidents has significantly increased in recent years. As with many other businesses, we have experienced, and are continually at risk of being subject to, attacks and incidents, although none have had a material adverse impact on our financial condition or results of operations. Due to the increased risk of these types of attacks and incidents, we expend significant resources on information technology and data security tools, measures and processes designed to protect our information technology systems, as well as the personal, confidential or sensitive information stored on or transmitted through those systems, and to ensure an effective response to any cyber- attack or data security incident. Whether or not these measures are ultimately successful, these expenditures could have an adverse impact on our financial condition and results of operations and divert management’s attention from pursuing our strategic objectives. In addition, although we take the security of our information technology systems seriously, there can be no assurance that the security measures we employ will effectively prevent unauthorized persons from obtaining access to our systems and information. Despite the implementation of reasonable security measures by us and our third- party providers, our systems and information are susceptible to physical or electronic break- ins, security breaches from inadvertent or intentional actions of our employees, third- party service providers, contractors, consultants, business partners or other third parties, from cyber- attacks by malicious third parties (including the deployment of harmful malware, ransomware, denial- of service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information) or other data security incidents. These risks may be exacerbated in the remote work environment. In addition, because the techniques used to obtain unauthorized access to

information technology systems are constantly evolving and becoming more sophisticated, they may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies, we may be unable to anticipate these techniques or implement adequate preventive measures in response. Cyber- attacks or data security incidents could remain undetected for an extended period, which could potentially result in significant harm to our systems, as well as unauthorized access to the information stored on and transmitted by our systems. Even when a security breach is detected, the full extent of the breach may not be determined immediately. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant and, while we have implemented security measures to protect our systems, our efforts to address these problems may not be successful. Further, despite our security efforts and training, our employees may purposefully or inadvertently cause security breaches that could harm our systems or result in the unauthorized disclosure of or access to information. Any measures we do take to prevent security breaches, whether caused by employees or third parties, have the potential to limit our ability to complete sales or ship products to our customers, harm relationships with our suppliers or restrict our ability to meet our customers' expectations with respect to their online or retail shopping experience. A cyber- attack or other data security incident could result in the significant and protracted disruption of our business such that:

- critical business systems become inoperable or require a significant amount of time or cost to restore;
- key personnel are unable to perform their duties, communicate with employees, customers or third- party partners;
- it results in the loss, theft, misuse, unauthorized disclosure, or unauthorized access of customer, supplier or company information;
- we are prevented from accessing information necessary to conduct our business;
- we are required to make unanticipated investments in equipment, technology or security measures;
- customers cannot access our eCommerce websites, and customer orders may not be received or fulfilled;
- we become subject to return fraud schemes, reselling schemes and imposter sites schemes; or
- we become subject to other unanticipated liabilities, costs or claims.

If any of these events were to occur, it could have a material adverse effect on our financial condition and results of operations and result in harm to our reputation. In addition, if a cyber- attack or other data incident results in the loss, theft, misuse, unauthorized disclosure or unauthorized access of personal, confidential or sensitive information belonging to our customers, suppliers, or employees, it could put us at a competitive disadvantage, result in the deterioration of our customers' confidence in our brands, cause our suppliers to reconsider their relationship with our company or impose more onerous contractual provisions and subject us to potential litigation, liability, fines and penalties. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of the losses and costs associated with cyber- attacks and data incidents, such insurance coverage may be insufficient to cover all losses and would not, in any event, remedy damage to our reputation. In addition, we may face difficulties in recovering any losses from our provider and any losses we recover may be lower than we initially expect. We are also reliant on the security practices of our third- party service providers, which may be outside of our direct control. The services provided by these third parties are subject to the same risk of outages, other failures and security breaches described above. If these third parties fail to adhere to adequate security practices, or experience a breach of their systems, the data of our employees, customers and business associates may be improperly accessed, used or disclosed. In addition, our providers have broad discretion to change and interpret the terms of service and other policies with respect to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. Although we expect that we could obtain similar services from other third parties, if our arrangements with our current providers were terminated, we could experience interruptions in our business, as well as delays and additional expenses in arranging for alternative cloud infrastructure services. Any loss or interruption to our systems or the services provided by third parties would adversely affect our business, financial condition and results of operations. Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control. Purchases using mobile devices by consumers generally, and by our customers specifically, have increased significantly in recent years, and we expect this trend to continue. To optimize the mobile shopping experience, we are dependent on our customers downloading our specific mobile applications for their particular device or accessing our sites from an internet browser on their mobile device. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing applications for these alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such applications. In addition, our future growth and our results of operations could suffer if we experience difficulties in the future in integrating our mobile applications into mobile devices, if problems arise with our relationships with providers of mobile operating systems or mobile application download stores, such as those of Apple or Google, if our applications receive unfavorable treatment compared to competing applications, such as the order of our products in the Apple App Store, or if we face increased costs to distribute or have customers use our mobile applications. We are further dependent on the interoperability of our sites with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitive products could adversely affect the usage of our sites on mobile devices. In the event that it is more difficult for our customers to access and use our sites on their mobile devices, or if our customers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, our customer growth could be harmed and our business, financial condition and operating results may be materially and adversely affected. If the use of "cookie" tracking technologies is further restricted, regulated or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results. Cookies are small data files that are sent by websites and stored locally on an internet user's computer or mobile device. We, and third parties who work on our behalf,

collect data via cookies that are used to track the behavior of visitors to our sites, provide a more personal and interactive experience and increase the effectiveness of our marketing. However, internet users can easily disable, delete and block cookies directly through browser settings or through other software, browser extensions or hardware platforms that physically block cookies from being created and stored. Privacy regulations and policies by device operating systems, such as iOS or Android, restrict how we deploy our cookies and this could potentially increase the number of internet users that choose to proactively disable cookies on their systems. In the EU, the Directive on Privacy and Electronic Communications requires users to give their consent before cookie data can be stored on their local computer or mobile device. Users can decide to opt out of nearly all cookie data creation, which could negatively impact our operating results. We may have to develop alternative systems to determine our consumers' behavior, customize their online experience or efficiently market to them if consumers block cookies or regulations introduce additional barriers to collecting cookie data. Third parties may claim that we are infringing, misappropriating or otherwise violating their intellectual property rights or those of others. Intellectual property- related litigation and proceedings are expensive and time consuming to defend, and, if resolved adversely, could materially adversely impact our business, financial condition and results of operations. Intellectual property- related claims could also cause us to lose access to third- party service providers that we rely upon in the conduct of our business. Our commercial success depends on our avoiding infringement, misappropriation or other violations of the intellectual property rights of third parties. We have in the past been, are currently and may in the future be subject to claims that some of our products are infringing, misappropriating or otherwise violating the trademarks, copyrights, patents or other intellectual property rights of third parties, which could be costly to defend and require us to pay damages. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties, including non- practicing entities with no relevant product revenue, and, therefore, our own intellectual property rights may provide little or no deterrence to these rights holders in bringing intellectual property rights claims against us. Additionally, some of our competitors have substantially greater resources than we do and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. Moreover, bringing or defending any such claim, regardless of merit, and whether successful or unsuccessful, could be expensive and time-consuming and have a negative effect on our business, reputation, results of operations and financial condition. The outcome of any litigation is inherently uncertain, and there can be no assurances that favorable final outcomes will be obtained in all cases. Furthermore, an adverse outcome of a dispute may result in an injunction requiring us to cease the commercialization of our products and could require us to pay substantial monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a party' s intellectual property rights. Our liability insurance may not cover potential claims of this type adequately or at all. Further, we may be unable to successfully resolve these type of conflicts to our satisfaction and may be required to enter into costly license agreements, if available, pay significant royalty, settlements costs or damages or rebrand our products or be prevented from selling some of our products. The terms of such a settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable or unwilling to uphold its contractual obligations. In addition, we may have to seek a license to continue practices found to be in violation of a third- party' s rights. If we are required, or choose to enter into royalty or licensing arrangements, such arrangements may not be available on reasonable terms, or at all, and may significantly increase our operating costs and expenses. Such arrangements may also only be available on a non- exclusive basis, such that third parties, including our competitors, could have access to use the same intellectual property to compete with us. We may also have to redesign our products so they do not infringe, misappropriate or otherwise violate third- party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our products may not be available for commercialization or use. Such outcomes would increase our operating expenses, and if we cannot redesign our products in a non- infringing manner or obtain a license for any allegedly infringing aspect of our business, we may be forced to limit our product offerings, which could decrease our sales, reduce our operating margins and adversely affect our ability to compete effectively. Additionally, such claims could result in third parties removing our allegedly infringed intellectual property, even if we are ultimately successful on the merit of the claims, in order to be shielded from legal liability under the Digital Millennium Copyright Act ("DMCA "). DMCA is intended, in part, to limit the liability of eligible service providers for caching, hosting or linking to, user content that include materials that infringe copyrights or other rights of others. Third parties that we rely upon in the operation of our business, including Shopify, our eCommerce and payments platform, rely on the protections provided by the DMCA in conducting their business. To protect their entitlement to the benefits of these protections, third parties, such as Shopify, have in the past threatened to deny us access to their services, and it is possible such third parties could deny us access to their services if we are alleged to infringe on the intellectual property rights of others, whether such claims are founded or unfounded, and the loss of such access could materially adversely affect our business. The loss of services of any third party that we rely on could adversely impact our ability to carry on business and could have a material adverse effect on our business, financial condition and results of operations. We could also be adversely impacted by future legislation and future judicial decisions altering the safe harbors of the DMCA or if international jurisdictions refuse to apply similar protections. Failure to adequately establish, maintain, protect and enforce our intellectual property or proprietary rights, or prevent third parties from making unauthorized use of such rights, such as by counterfeiting of our products, could reduce sales and adversely affect the value of our brands. Our intellectual property is an essential asset of our business. Our business could be significantly harmed if we are not able to establish, maintain, protect and enforce our intellectual property rights. We believe our competitive position is largely attributable to the value of our trademarks, trade dress, trade names, trade secrets, copyrights and other intellectual property rights. For example, we rely on trademark protection to protect our rights to various marks as well as distinctive logos and other marks associated with our products and services. If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected. Effective trademark protection may not be available or may not be sought

in every country in which our products are made available, and contractual disputes may affect the use of marks governed by private contract. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. Further, at times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Similarly, not every variation of a domain name may be available or be registered, even if available. The occurrence of any of these events could result in the erosion of our brands and limit our ability to market our brands using our various domain names, as well as impede our ability to effectively compete against competitors, any of which could materially adversely affect our business, financial condition and results of operations. We also rely on agreements under which we contract to own, or license rights to use, intellectual property developed by employees, contractors and other third parties. In addition, while we generally enter into confidentiality agreements with our employees and third parties to protect our trade secrets, know-how, business strategy and other proprietary information, such confidentiality agreements could be breached or otherwise may not provide meaningful protection for our trade secrets and know-how related to the design or manufacture of our products. Similarly, while we seek to enter into agreements with all of our employees who develop intellectual property during their employment to assign the rights in such intellectual property to us, we may fail to enter into such agreements with all relevant employees, such agreements may be breached or may not be self-executing, and we may be subject to claims that such employees misappropriated relevant rights from their previous employers. Accordingly, we cannot guarantee that the steps we have taken to protect our intellectual property will be adequate to prevent infringement, misappropriation or other violations of our intellectual property rights, that we have secured, or will be able to secure, appropriate permissions or protections for all of the intellectual property rights we use or claim rights to, or that third parties will not terminate our license rights. Furthermore, even if we are able to obtain and maintain any intellectual property rights, any such rights may be challenged, invalidated, circumvented, infringed, misappropriated or otherwise violated. Any challenge to our intellectual property rights could result in our intellectual property rights being narrowed in scope or declared invalid or unenforceable. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. Although we take aggressive legal and other actions to pursue those who infringe on our intellectual property rights, we cannot guarantee that the actions we take will be adequate to protect our brands in the future, especially because some countries' laws do not protect intellectual property rights to the same extent as U. S. and Australian laws. For example, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some of the countries in which we operate. Policing unauthorized use of our intellectual property may also be difficult, expensive, and time-consuming, particularly in such foreign countries where mechanisms for enforcement of intellectual property rights may be weak. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, or pursue all counterfeiters who may seek to benefit from our brands. Furthermore, intellectual property laws and our procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to adequately protect our intellectual property rights, it would allow our competitors to sell products that are similar to and directly competitive with our products, which could reduce sales of our products. In addition, any intellectual property lawsuits in which we are involved could cost a significant amount of time and money and distract management's attention from operating our business, which may negatively impact our business and results of operations. The success of our brands has also made us the target of counterfeiting and product imitation strategies. We continue to be vulnerable to such infringements despite our dedication of significant resources to the registration and protection of our intellectual property and to anti-counterfeiting efforts worldwide. If we fail to prevent counterfeiting or imitation of our products, we could lose opportunities to sell our products to consumers who may instead purchase a counterfeit or imitation product. In addition, if our products are associated with inferior products due to infringement by others of our intellectual property, it could adversely affect the value of our brands and trademarks or trade names. In order to protect our intellectual property rights, we may be required to spend significant resources to monitor for infringement and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets, which 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. Any court decision or settlement that prevents trademark protection of our brands, that allows a third-party to continue to sell products similar to our products, or that allows a manufacturer or distributor to continue to sell counterfeit versions of our products, could lead to intensified competition and a material reduction in our sales. We are subject to payments-related risks. We accept payments using a variety of methods, including credit card, debit card, credit accounts (including promotional financing), gift cards, direct debit from a customer's bank account, consumer invoicing and physical bank check. For existing and future payment options we offer to our customers, we currently are subject to, and may become subject to additional, regulations and compliance requirements (including obligations to implement enhanced authentication processes that could result in significant costs and reduce the ease of use of our payments products), as well as fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We rely on third parties to provide certain payment methods and payment processing services, including the processing of credit cards, debit cards, electronic checks, cryptocurrencies, and promotional financing. In each case, it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security 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. Failure to comply with these rules or requirements could result in our being liable for card issuing banks' costs, subject to fines and higher transaction fees, and loss of our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected. Additionally, we have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a customer did not authorize a purchase, merchant fraud and customers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Although we have measures in place to detect and reduce the occurrence of fraudulent activity in our marketplace, those measures may not always be effective. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our operating results. In addition, we provide regulated services in certain jurisdictions because we enable customers to keep account balances with us and transfer money to third parties, and because we provide services to third parties to facilitate payments on their behalf. Jurisdictions subject us to requirements for licensing, regulatory inspection, bonding and capital maintenance, the use, handling, and segregation of transferred funds, consumer disclosures, maintaining or processing data, and authentication. We are also subject to or voluntarily comply with a number of other laws and regulations relating to payments, money laundering, international money transfers, privacy, data protection, data security, network security, consumer protection, and electronic fund transfers. If we were found to be in violation of applicable laws or regulations, we could be subject to additional requirements and civil and criminal penalties, or forced to cease providing certain services. System interruptions that impair customer access to our sites or other performance failures in our technology infrastructure could damage our business, reputation and brand and substantially harm our business and results of operations. The satisfactory performance, reliability and availability of our sites, transaction- processing systems and technology infrastructure are critical to our reputation and our ability to acquire and retain customers, as well as maintain adequate customer service levels. If the facilities where the computer and communications hardware are located fail, or if our partners suffer an interruption or degradation of services at our main facility, we could lose customer data and miss order fulfillment deadlines, which could harm our business. Our partners' systems and operations are vulnerable to damage or interruption from a variety of sources, including fire, flood, power loss, telecommunications or network failure, system malfunction, terrorist attacks, cyber- attacks, data loss, acts of war, break- ins, earthquakes and other natural disasters and similar events. In the event of a failure of our main facility, the failover to our back-up facility could take substantial time, during which time our sites could be completely shut down. Our partners' back- up facilities are designed to support transaction volume at a level slightly above our average daily sales, but are not adequate to support spikes in demand. The back- up facilities may not process effectively during time of higher traffic to our sites, may process transactions more slowly and may not support all of our sites' functionality. We rely on our partners who use complex custom- built proprietary software in our technology infrastructure, which they seek to continually update and improve. Our partners may not always be successful in executing these upgrades and improvements, and the operation of our systems may be subject to failure. In particular, our partners have in the past and may in the future experience slowdowns or interruptions in some or all of our sites when they are updating them, and new technologies or infrastructures may not be fully integrated with existing systems on a timely basis, or at all. Additionally, if our partners expand their use of third- party services, including cloud- based services, our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with such services and / or failures by such third parties, which are out of our and their control. Our net sales depend on the number of visitors who shop on our sites and the volume of orders we can handle. Unavailability of our sites or reduced order fulfillment performance would reduce the volume of goods sold and could also materially adversely affect consumer perception of our brand. Our partners may experience periodic system interruptions from time to time. In addition, continued growth in our transaction volume, as well as surges in online traffic and orders associated with promotional activities or seasonal trends in our business, place additional demands on our partners' technology platforms and could cause or exacerbate slowdowns or interruptions. If there is a substantial increase in the volume of traffic on our sites or the number of orders placed by customers, our partners will be required to further expand, scale and upgrade their technology, transaction processing systems and network infrastructure. There can be no assurance that our partners will be able to accurately project the rate or timing of increases, if any, in the use of our sites or expand, scale and upgrade our technology, systems and infrastructure to accommodate such increases on a timely basis. In order to remain competitive, our partners must continue to enhance and improve the responsiveness, functionality and features of our sites, which is particularly challenging given the rapid rate at which new technologies, customer preferences and expectations and industry standards and practices are evolving in the eCommerce industry. Accordingly, our partners redesign and enhance various functions on our sites on a regular basis, and we may experience instability and performance issues as a result of these changes. Any slowdown or failure of our sites and the underlying technology infrastructure could harm our business, reputation and our ability to acquire, retain and serve our customers, which could materially adversely affect our results of operations and our business interruption insurance may not be sufficient to compensate us for the losses that could occur. **Our use of artificial intelligence and machine learning could adversely affect our business and operating results. We may use artificial intelligence (" AI ") and machine learning in our business to, among other things, facilitate personalized customer journeys, predict shopping behaviors, optimize marketing, and streamline inventory planning and operational workflows. Issues relating to our potential use of new and evolving technologies such as AI may cause us to experience brand or reputational harm, competitive harm, legal liability and new or enhanced governmental or regulatory scrutiny, and to incur additional costs to resolve such issues. For example, AI algorithms are based on machine learning and predictive analytics, which can include unexpected biases**

and lead to discriminatory outcomes. In addition, perceived or actual technical, legal, compliance, privacy, security, ethical or other issues relating to the use of AI could undermine the decisions, predictions or analysis that AI applications produce and create additional risks, such as risks of cybersecurity incidents, all of which could adversely affect our business and operating results. The use of AI involves significant technical complexity and requires specialized expertise. Any disruption or failure in AI-based systems or technology infrastructure could result in delays or errors in our operations, which could harm our business and operating results. Moreover, developing, testing and deploying AI systems may also increase our operating expenses due to the nature of the computing costs involved in such systems.

Risks Relating to our Indebtedness Any indebtedness we may incur in the future could adversely affect our business and growth prospects. We entered into a credit facility ~~concurrently with the completion of our initial public offering (“IPO”)~~ in **September** 2021. Any indebtedness we may incur under our credit facility, or any other indebtedness we may incur in the future, could require us to divert funds identified for other purposes for debt service and impair our liquidity position. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to take any of these actions on a timely basis, on terms satisfactory to us or at all. Our credit facility, or any future credit facility or other indebtedness we may enter into, may have important consequences, including: • limiting funds otherwise available for financing our capital expenditures by requiring us to dedicate a portion of our cash flows from operations to the repayment of debt and the interest on this debt; • limiting our ability to incur additional indebtedness; • limiting our ability to capitalize on significant business opportunities; • making us more vulnerable to rising interest rates; and • making us more vulnerable in the event of a downturn in our business. Our level of indebtedness may place us at a competitive disadvantage to our competitors that are not as highly leveraged. Fluctuations in interest rates can increase borrowing costs. Increases in interest rates may directly impact the amount of interest we are required to pay and reduce earnings accordingly. In addition, developments in tax policy, such as the disallowance of tax deductions for interest paid on outstanding indebtedness, could have an adverse effect on our liquidity and our business, financial conditions and results of operations. Further, our existing credit facility contains, and any future credit facility will likely contain, customary affirmative and negative covenants and certain restrictions on operations that could impose operating and financial limitations and restrictions on us, including restrictions on our ability to enter into particular transactions and to engage in other actions that we may believe are advisable or necessary for our business. We expect to use cash flow from operations to meet current and future financial obligations, including funding our operations, debt service requirements and capital expenditures. The ability to make these payments depends on our financial and operating performance, which is subject to prevailing economic, industry and competitive conditions and to certain financial, business and other factors beyond our control. Despite current indebtedness levels and restrictive covenants, we may still be able to incur substantially more indebtedness or make certain restricted payments, which could further exacerbate the risks associated with our substantial indebtedness. We may be able to incur significant additional indebtedness in the future. Although the financing documents that govern our credit facility contain restrictions on the incurrence of additional indebtedness and liens, these restrictions are subject to a number of important qualifications and exceptions, and the additional indebtedness and liens incurred in compliance with these restrictions could be substantial. The financing documents that govern our credit facility permit us to incur certain additional indebtedness, including liabilities that do not constitute indebtedness as may be defined in such financing documents. We may also consider investments in joint ventures or acquisitions, which may increase our indebtedness. In addition, the financing documents that govern our credit facility do not restrict Excelerate, L. P., our principal stockholder, from creating new holding companies that may be able to incur indebtedness without regard to the restrictions set forth in the financing documents governing our credit facility. If additional new debt is added to our currently anticipated indebtedness levels, the related risks that we face could intensify. We may not be able to generate sufficient cash flow to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful. Our ability to make scheduled payments or to refinance outstanding debt obligations depends on our financial and operating performance, which will be affected by prevailing economic, industry and competitive conditions and by financial, business and other factors beyond our control. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on the our indebtedness. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which would also harm our ability to incur additional indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, implement cost reductions, seek additional capital or seek to restructure or refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service obligations. The financing documents that govern our credit facility include certain restrictions on our ability to conduct asset sales and / or use the proceeds from asset sales for general corporate purposes. We may not be able to consummate these asset sales to raise capital or sell assets at prices and on terms that we believe are fair and any proceeds that we do receive may not be adequate to meet any debt service obligations then due. If we cannot meet our debt service obligations, the holders of our indebtedness may accelerate such indebtedness and, to the extent such indebtedness is secured, foreclose on our assets. In such an event, we may not have sufficient assets to repay all of our indebtedness. The terms of the financing documents that govern our credit facility restrict our current and future operations, particularly our ability to respond to changes or to take certain actions. The financing documents that govern our credit facility contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interests, including restrictions on our ability to: • incur additional indebtedness or other contingent obligations; • create or incur liens; • make investments,

acquisitions, loans and advances; • wind up, consolidate, merge, liquidate or dissolve; • sell, lease, transfer or otherwise dispose of our assets, including capital stock of our subsidiaries; • pay dividends on our equity interests or make other payments in respect of capital stock; • engage in transactions with our affiliates; • make payments in respect of indebtedness secured on a junior lien basis, unsecured indebtedness and subordinated debt; • modify organizational documents in a manner that is materially adverse to the lenders under the new credit facility; • enter into burdensome agreements with negative pledge clauses or restrictions on subsidiary distributions; • materially alter the business we conduct; and • change our fiscal year. The restrictive covenants in the financing documents governing our credit facility, which include certain provisions that are not precisely defined and are subject to interpretation, require us to maintain specified financial ratios and satisfy other financial condition tests. We were in compliance with all debt covenants as of December 31, 2023-2024, and expect to be in compliance beyond 12 months, although our ability to meet those financial ratios and tests can be affected by the interpretation of certain provisions in the financing documents, macro- economic conditions and the seasonality of our business, which is more concentrated in the third and fourth fiscal quarters. A breach of the covenants or restrictions under the financing documents that govern our credit facility could result in an event of default under such documents. Such a default may allow the creditors to accelerate the related debt, which may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In the event the holders of our indebtedness accelerate the repayment, we may not have sufficient assets to repay that indebtedness or be able to borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms acceptable to us. As a result of these restrictions, we may: • be limited in how we conduct our business; • be unable to raise additional debt or equity financing to operate during general economic conditions; • experience business downturns; or • be unable to compete effectively or to take advantage of new business opportunities. These restrictions, along with restrictions that may be contained in agreements evidencing or governing other future indebtedness, may affect our ability to grow in accordance with our growth strategy. We may be unable to refinance our indebtedness. We may need to refinance all or a portion of our indebtedness before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all. Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in the future could reduce our ability to compete successfully and harm our results of operations. We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, you may experience significant dilution of your ownership interests. If we raise additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things: • invest in our business and continue to expand our sales and marketing efforts; • hire, train and retain employees; • respond to competitive pressures or unanticipated working capital requirements; or • pursue acquisition opportunities, including new brands, the inability of which could adversely impact the execution of our growth strategy. Risks Relating to Ownership of Our Common Stock Summit controls us, and its interests may conflict with ours or yours in the future. As of March 5-4, 2024-2025, Summit Partners LP (“ Summit ”) beneficially owned approximately 57-56. 6 % of our common stock which means that, based on its percentage voting power, Summit controls the vote of all matters submitted to a vote of our Board or stockholders, which enables it to control the election of the members of the Board and all other corporate decisions. In addition, our bylaws provide that Summit has the right to designate the Chairman of the Board for so long as it beneficially owns at least 30 % of the voting power of the then outstanding shares of our common stock then entitled to vote generally in the election of directors. Even when it ceases to own shares of our common stock representing a majority of the total voting power, for so long as it continues to own a significant portion of our common stock, Summit will still be able to significantly influence the composition of our Board, including the right to designate the Chairman of our Board, and the approval of actions requiring stockholder approval. Accordingly, for such period of time, Summit will have significant influence with respect to our management, business plans, and policies, including the appointment and removal of our officers, decisions on whether to raise future capital and decisions on whether to amend our certificate of incorporation and bylaws, which govern the rights attached to our common stock. In particular, for so long as Summit continues to own a significant percentage of our common stock, Summit will be able to cause or prevent a change of control of us or a change in the composition of our Board, including the selection of the Chairman of our Board, and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of us and ultimately might affect the market price of our common stock. We entered into a Director Nomination Agreement with Summit that provides Summit the right to designate the following number of nominees for election to our Board: (i) all of the nominees for election to our Board for so long as Summit beneficially owns at least 40 % of the total number of shares of our common stock outstanding upon completion of this offering, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split, or similar changes in the Company’ s capitalization (the “ Original Amount ”); (ii) a majority of the nominees for election to our Board for so long as Summit beneficially owns less than 40 % but at least 30 % of the Original Amount; (iii) 30 % of the nominees for election to our Board for so long as Summit beneficially owns less than 30 % but at least 20 % of the Original Amount; (iv) 20 % of the nominees for election to our Board for so long as Summit beneficially owns less than 20 % but at least 10 % of the Original Amount; and (v) one of the nominees for election to our Board for so long as Summit beneficially owns at least 5 % of the Original Amount, which could result in representation on our Board that is disproportionate to Summit’ s beneficial ownership. Summit and its affiliates engage in a broad spectrum of activities, including investments in the services industry generally. In the ordinary course of their business activities, Summit and its affiliates may engage in activities where their interests conflict with our interests or those of our other shareholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business

or are suppliers or customers of ours. Our certificate of incorporation provides that none of Summit, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Summit also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Summit may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. An active trading market for our common stock may not be sustained. Although we have listed our common stock on the NYSE under the symbol “AKA,” an active trading market for our shares may not be sustained. A public trading market having the desirable characteristics of depth, liquidity and orderliness depends upon the existence of willing buyers and sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. The failure of an active and liquid trading market to continue would likely have a material adverse effect on the value of our common stock. An inactive market may also impair our ability to raise capital to continue to fund operations by issuing shares and may impair our ability to acquire other companies or technologies by using our shares as consideration. Our stock price has been volatile, and the market price of our common stock may drop below the price you pay. Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, has subjected the market price of our shares to wide price fluctuations regardless of our operating performance. The market price of our common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including those described under “— Risks Relating to Our Business and Strategy” and the following:

- changes in financial estimates by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- downgrades by any securities analysts who follow our common stock or publications of these analysts of inaccurate or unfavorable research about our business;
- future sales of our common stock by our officers, directors and significant stockholders;
- market conditions or trends in our industry or the economy as a whole;
- investors’ perceptions of our prospects;
- announcements by us of significant contracts, acquisitions, joint ventures or capital commitments; and
- changes in key personnel.

In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation. If we fail to maintain compliance with the NYSE’s continued listing standards, the NYSE may delist our common stock, which could materially and adversely affect our company, the market price of our common stock and your ability to sell your shares of our common stock. Our common stock is currently listed on the NYSE. To maintain this listing, we must satisfy continued listing requirements and standards. There can be no assurances that we will be able to continue to comply with the applicable listing requirements and standards. For example, in April 2023, the NYSE informed us that the average closing price of our common stock over the prior consecutive 30 trading-day period was below \$ 1.00, which is the minimum average closing price required to maintain listing on the NYSE under Section 802.01C of the NYSE Listed Company Manual. In accordance with the NYSE’s listing rules, we were afforded a period of six months, or until October 12, 2023 (the “Cure Period”), to regain compliance with the minimum price requirement. In order to regain compliance, the closing share price of our common stock on the last trading day of any calendar month during the Cure Period had to be at least \$ 1.00 and the average closing share price over the 30 trading-day period ending on the last trading day of that month had to be at least \$ 1.00. On September 29, 2023, we executed a Reverse Stock Split of our common stock at a ratio of one-for-12. As a result of the Reverse Stock Split, we received notification from the NYSE on October 12, 2023, that we had regained compliance with its minimum price requirement and the matter was closed. If we are unable to satisfy the NYSE criteria for continued listing in the future, including the minimum price requirement, our common stock would be subject to delisting again. The delisting of our common stock could materially and adversely affect us by, among other things, reducing the liquidity and market price of our common stock; reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; decreasing the amount of news and analyst coverage of us; and limiting our ability to issue additional securities or obtain additional financing in the future. In addition, delisting from the NYSE may negatively impact our reputation and, consequently, our business.

~~We cannot assure you that our Reverse Stock Split will increase our stock price, marketability or our liquidity. We cannot predict the long-term effect of the Reverse Stock Split upon the market price for shares of our common stock, and the history of similar Reverse Stock Splits for companies in like circumstances has varied. Some investors may view a reverse stock split negatively. We cannot assure you that our common stock will be more attractive to institutional or other long-term investors or that it will attract brokers and investors who trade in lower-priced stocks. Even if the Reverse Stock Split has a positive effect on the market price for shares of our common stock, the market price and liquidity of our common stock may decrease due to other factors, including our future performance, economic conditions and other factors, some of which may not be under our control. The percentage market price decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of the Reverse Stock Split. The total market capitalization of our common stock initially declined following the Reverse Stock Split and could decline in the future. Accordingly, the Reverse Stock Split may not achieve the desired results of increasing the stock price, marketability and liquidity of our common stock, which could materially adversely affect our business, financial condition and results of operations. We are obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act. If we fail to remediate our material weaknesses or if we fail to establish and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, meet our reporting obligations, or prevent fraud. Failure to comply with requirements to design, implement and~~

maintain effective internal controls or any inability to report and file our financial results accurately and timely could harm our business and adversely impact investor confidence in us and, as a result, our stock price. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. 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 in accordance with accounting principles generally accepted in the United States (“GAAP”). If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the Securities and Exchange Commission (“SEC”). We are required, pursuant to Section 404 of the Sarbanes-Oxley Act (“SOX”), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as of the end of the fiscal year that coincides with the filing of this Annual Report on Form 10-K. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. However, our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of SOX until the date we are no longer an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) if we take advantage of the exemptions contained in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. As previously disclosed, we have ~~two~~ unremediated material weaknesses in the design and operation of our internal control over financial reporting ~~initially identified~~ in connection with the preparation of our financial statements, **as previously disclosed in our Annual Report on Form 10-K for the fiscal years year ended December 31, 2020-2021 and 2019, that had not been remediated as of December 31, 2024**. 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 a company’s annual or interim financial statements will not be prevented or detected on a timely basis. Our evaluation was based on the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control — Integrated Framework (2013). The material weaknesses identified by management related to the following:

- We ~~have had~~ not sufficiently designed, implemented and documented internal controls at the entity level **(an effective risk assessment process and control environment, specifically, a sufficient complement of personnel commensurate with our financial reporting requirements)** and across ~~the~~ key business and financial processes to allow us to achieve complete, accurate and timely financial reporting, **including controls over journal entries**.
- We ~~have had~~ not designed and implemented controls to maintain appropriate segregation of duties in our manual and IT-~~based~~ **dependent** business processes, **including journal entries, and with respect to certain information technology general controls for information systems relevant to the preparation of our financial statements, specifically, (i) program change management controls to ensure that program and data changes are identified, tested, authorized and implemented appropriately; (ii) user access controls to adequately restrict user and privileged access to appropriate personnel; (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (iv) program development controls to ensure that new software development is tested, authorized and implemented appropriately**.

Since identifying these material weaknesses, we have been, and are currently in the process of, remediating each of them. While progress has been made to remediate ~~both of~~ the material weaknesses above, as of December 31, ~~2023~~ **2024**, we were still in the process of developing and implementing enhanced processes and procedures and testing the operating effectiveness of these enhanced controls. We provided process and controls training and have incorporated ongoing training and monitoring as part of our overall control environment. We implemented and continue to implement control improvements and have focused on the increased operational effectiveness of our controls. We ~~selected an~~ **have made significant progress in the implementation of our new** enterprise resource planning (“ERP”) system, ~~hired an implementation partner and are in the process of implementation~~ which will provide improvements to our IT- dependent and application controls to help prevent and detect errors, enforce segregation of duties and strengthen controls around manual journal entries. We believe our actions will be effective in remediating the material weaknesses, and we continue to devote significant time and attention to these efforts. In addition, the material weaknesses will not be considered remediated until the applicable remedial processes and procedures have been in place for a sufficient period of time and management has concluded, through testing, that these controls are effective. Although we plan to complete the remediation process as quickly as possible for each material weakness, we cannot at this time estimate when the remediation will be completed. We cannot assure you that the measures that we have taken, and that will be taken, to remediate our material weaknesses will, in fact, remedy the material weaknesses or will be sufficient to prevent future material weaknesses from occurring. We also cannot assure you that we have identified all of our existing material weaknesses. In addition, prior acquisitions, such as the Culture Kings acquisition, and future acquisitions may present challenges in implementing appropriate and effective internal controls. Any future material weaknesses in internal control over financial reporting could result in material misstatements in our financial statements. Remediating material weaknesses will absorb management time and will require us to incur additional expenses, which could have a negative effect on the trading price of our shares. In order to establish and maintain effective disclosure controls and procedures and internal controls over financial reporting, we will need to expend significant resources and provide significant management oversight. Developing, implementing and testing changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management’s attention from other business concerns. These changes may not, however, be effective in establishing and maintaining adequate internal controls. It is possible that, had we and our independent registered public accounting firm performed a formal assessment of the effectiveness of our internal control over financial reporting in accordance with the provisions of SOX, additional material weaknesses may have been identified. If either we are

unable to conclude that we have effective internal controls over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report on the effectiveness of our internal controls over financial reporting as required by Section 404 (b) of SOX, investors may lose confidence in our reported financial information, the price of our common stock could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404 of SOX, we may not be able to remain listed on the NYSE. The requirements of being a public company with common stock listed on the NYSE will continue to increase certain of our costs and require significant management focus. As a public company, we incur legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and SOX, the listing requirements of NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations continue to increase our legal and financial compliance costs, make some activities more difficult, time- consuming or costly and increase demand on our systems and resources, particularly after we are no longer an “emerging growth company.” 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. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of our management’s time and attention from sales- generating activities 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 could have a material adverse effect on our business, financial condition and results of operations. Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price. Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. Certain holders of approximately 9,791,387 shares of our common stock have the right to require us to register the sales of their shares under the Securities Act of 1933, as amended (the “Securities Act”), under the terms of a registration right agreement between us and the holders of these securities. In the future, we may also issue our securities in connection with acquisitions or investments. The amount of shares of our common stock issued in connection with an acquisition or investment could constitute a material portion of our then- outstanding shares of our common stock. For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including disclosure about our executive compensation that apply to other public companies. We are an “emerging growth company,” as defined in the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, (1) not being required to comply with the auditor attestation requirements of Section 404 (b) of SOX, (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (3) exemptions from the requirements of holding a non- binding advisory vote on executive compensation and of stockholder approval of any golden parachute payments not previously approved. If we choose not to comply with the auditor attestation requirements of Section 404 of SOX, our auditors will not be required to attest to the effectiveness of our internal controls over financial reporting. As a result, investors may become less comfortable with the effectiveness of our internal controls and the risk that material weaknesses or other deficiencies in our internal control go undetected may increase. If we choose to provide reduced disclosures in our periodic reports and proxy statements while we are an emerging growth company, investors would have access to less information and analysis about our executive compensation, which may make it difficult for investors to evaluate our executive compensation practices. We cannot predict if investors will find our common stock less attractive as a result of our taking advantage of these exemptions and as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We could remain an “emerging growth company” until 2026 or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenue exceeds \$ 1.07 billion, (b) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non- affiliates exceeds \$ 700 million as of the last business day of our most recently completed second fiscal quarter, and (c) the date on which we have issued more than \$ 1 billion in non- convertible debt securities during the preceding three- year period. We are a “controlled company” within the meaning of the rules of the NYSE and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements. Summit controls a majority of the voting power of our outstanding common stock. As a result, we are a “controlled company” within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50 % of the voting power for the election of directors is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including: • the requirement that a majority of our Board consist of independent directors; • the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; • the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and • the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. We rely on these exemptions. As a result, our Compensation Committee and Nominating and Corporate Governance Committee may not consist entirely of independent directors and may not be subject to annual performance evaluations. 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. Anti- takeover provisions in our certificate of incorporation documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable. In addition to Summit' s beneficial ownership of 57.56 % of our common stock as of March 5-4, 2024-2025, our certificate of incorporation and bylaws contain provisions that may make the acquisition of the Company more difficult without the approval of our board of directors. These provisions: • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting and special approval, dividend or other rights or preferences superior to the rights of the holders of common stock; • prohibit stockholder action by written consent at any time when Summit controls, in the aggregate, less than 35 % in voting power of our outstanding common stock; • provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; • establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; provided, however, at any time when Summit controls, in the aggregate, at least 10 % in voting power of our outstanding common stock entitled to vote generally in the election of directors, such advance notice procedure will not apply to Summit; • establish a classified board of directors, as a result of which our board of directors will be divided into three classes, with each class serving for staggered three- year terms, which prevents stockholders from electing an entirely new board of directors at an annual meeting; • provide that, at any time when Summit controls, in the aggregate, less than 40 % in voting power of our stock entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3 % in voting power of all the then- outstanding shares of our stock entitled to vote thereon, voting together as a single class; • prohibit stockholders from calling special meetings of stockholders; provided, however, at any time when Summit controls, in the aggregate, at least 35 % in voting power of our outstanding common stock, special meetings of our stockholders shall also be called by our Board or the Chairman of our Board at the written request of Summit; and • require the approval of holders of at least 66 2/3 % of the outstanding shares of our voting common stock to amend certain provisions of our certificate of incorporation and for stockholders to amend our bylaws. Our certificate of incorporation also contains a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law (the " DGCL "), and prevents us from engaging in a business combination with a person (excluding Summit and its transferees) who acquires at least 15 % of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval is obtained prior to the acquisition. These anti- takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Any issuance of preferred stock could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock. Our board of directors has the authority to issue preferred stock and to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium over the market price, and adversely affect the market price and the voting and other rights of the holders of our common stock. Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Pursuant to our certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws or (4) any other action asserting a claim against us that is governed by the internal affairs doctrine; provided that for the avoidance of doubt, the forum selection provision that identifies the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation, including any " derivative action ", will not apply to suits to enforce a duty or liability created by Securities Act, the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation also provided that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolutions of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder and our certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum and to the fullest extent permitted by law, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that our federal forum provision should be enforced in a particular case, application of our federal forum provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and our certificate of incorporation provides that neither the exclusive forum provision nor our federal forum provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. Our

stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. Our certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above. The forum selection clause in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provisions were to be challenged, we may incur additional costs associated with resolving such challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provisions to be inapplicable or unenforceable with respect to one or more of these specified types of actions or proceedings, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition, results of operations, cash flows, and prospects and result in a diversion of the time and resources of our employees, management, and board of directors. Because we do not intend to pay cash dividends in the foreseeable future, you may not receive any return on investment unless you are able to sell your common stock for a price greater than your purchase price. The continued operation and expansion of our business will require substantial funding. Accordingly, we do not anticipate that we will pay any cash dividends on shares of our common stock for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions, including those under our senior secured credit facility, any potential indebtedness we may incur, restrictions imposed by applicable law and other factors our board of directors deems relevant. Accordingly, if you purchase our common stock, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. If securities or industry analysts cease to publish research or reports about our business, if they adversely change their recommendations regarding our common stock or if our results of operations do not meet their expectations, the price of our common stock and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price of our common stock or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our common stock, or if our results of operations do not meet their expectations, the price of our common stock could decline. We are a holding company and conduct all of our operations through our subsidiaries. We are a holding company and derive all of our operating income from our subsidiaries. All of our assets are held by our direct and indirect subsidiaries. We rely on the earnings and cash flows of our subsidiaries, which are paid to us by our subsidiaries in the form of dividends and other payments or distributions, to meet our debt service obligations. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends and other distributions to us), the terms of existing and future indebtedness and other agreements of our subsidiaries and the covenants of any future outstanding indebtedness we or our subsidiaries incur.