Risk Factors Comparison 2024-02-27 to 2023-02-24 Form: 10-K

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The ~~You should carefully consider each of the~~ following **is a summary of the principal** ~~risk~~ **risks and uncertainties described in more detail** ~~factors as well as the other information contained~~ in this Annual Report on Form 10- K ~~and our other filings with the SEC in evaluating our business. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or~~ **for** ~~that we currently consider immaterial may also impact our business operations. If any of~~ the ~~following risks actually occur~~ **year ended December 30** , **2023** ~~our operating results may be affected~~ . Risks Related to Global and Macroeconomic Conditions **•** ~~The ongoing COVID- 19 pandemic and other global crises have had and may in the future have a significant adverse effect on our business, financial condition, and results of operations. Global crises, including political instability or other global events that result in the disruption of trade, the production and distribution of our products, or our sales operations, have had and may in the future have a significant adverse effect on our business, financial condition, and results of operations. In March 2020, the World Health Organization declared the outbreak of a new strain of coronavirus (including variants, " COVID- 19 ") a pandemic. National, state, and local governments and private entities mandated and continue to mandate various restrictions as new waves of the pandemic and new strains of the virus spread across the globe, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. The response to the COVID- 19 pandemic negatively affected the global economy, disrupted global supply chains, and created significant disruption in financial and retail markets, including increased unemployment rates and a disruption in consumer demand for baby and children' s clothing and accessories. As a result, the COVID- 19 pandemic and related measures taken to contain the spread of COVID- 19 have had, and may likely continue to have, a significant adverse effect on our business, financial condition, and results of operations. For example, temporary store closures and the disruption of global supply chains in 2020 and 2021 significantly impacted our operations at that time. While the business recovery and adjustments to how we operate our business have mitigated that impact, a further spread of COVID- 19, especially in regions that produce our products or raw materials, may have a material impact on our business. The extent to which COVID- 19 impacts our business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including a resurgence of COVID- 19, including new variants, the effectiveness and availability of vaccines and boosters, and the efficacy, scope, and duration of other actions to limit the spread of COVID- 19 or treat its impact, among others.~~ Our business is sensitive to overall levels of consumer spending, particularly in the young children' s apparel market. **•** Both retail and wholesale consumer demand for...... our sales and results of operations. Our business could be negatively impacted by political or economic risks that we are exposed to as a ~~result~~ **part** of our global operations. ~~We are subject to general political~~ **• The COVID- 19 pandemic** and **other** ~~economic risks in connection with our~~ global ~~operations~~ **crises had** , ~~including political instability (both in the United States~~ and ~~globally, including the ongoing conflict between Russia and Ukraine and the related economic and retaliatory measures), terrorist attacks, and changes in diplomatic and trade relationships, any of which~~ may **in the future** have **,** a significant adverse effect on our business, financial condition, and results of operations. In recent months, we have observed...... or willingness to purchase our products. Risks Related to Our Brands and Product Value **•** The acceptance of our products in the marketplace is affected by consumer tastes and preferences, along with fashion trends. In recent months,we have observed increased economic uncertainty in the United States and abroad.These developments have led to growing concerns about the systemic impact of a potential global economic recession,energy costs,geopolitical issues,or the availability and cost of credit and higher interest rates,which could further lead to increased market volatility,decreased consumer confidence,and diminished growth expectations in the U.S.economy and abroad.As our customers react to recent global economic conditions we have seen and may see customers reduce spending on our products and take additional precautionary measures to limit or delay expenditures and preserve capital and liquidity,thereby adversely affecting our customers' ability or willingness to purchase our products. We believe that our continued success depends on our ability to create products that provide a compelling value proposition for our consumers in all of our distribution channels. There can be no assurance that the demand for our products will not decline, or that we will be able to successfully and timely evaluate and adapt our products to changes in consumer tastes and preferences or fashion trends. If demand for our products declines, promotional pricing may be required to sell out- of- season or excess merchandise, and our profitability and results of operations could be adversely affected. ~~Our failure~~ **We may be unable** to protect our intellectual property rights **, which** could diminish the value of our brand, weaken our competitive position, and adversely affect our **reputation and** results. We currently rely on a combination of trademark, unfair competition, and copyright laws, as well as licensing and vendor arrangements, to establish and protect our intellectual property assets and rights. The steps taken by us or by our licensees and vendors to protect our proprietary rights may not be adequate to prevent either the counterfeit production of our products or the infringement of our trademarks or proprietary rights by others **. Despite our efforts, our brands are still susceptible to counterfeiting. Such counterfeiting dilutes our brands and can cause harm to our reputation and business** . In addition, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our proprietary rights and where third parties may have rights to conflicting trademarks, and it may be more difficult for us to successfully challenge the use of our proprietary rights by other parties in those countries. If we fail to protect and maintain our intellectual property rights, the value of our brands could be diminished, and our competitive position may suffer. Further, third parties may assert intellectual property claims against us, particularly as we expand our business geographically or through acquisitions, and any such claim could be expensive and time consuming to defend, regardless of their merit. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products, which could have an adverse effect on our results of operations. The value of our brands, and our sales, could be diminished if we are associated with negative publicity, including through actions by our employees, and our vendors, marketing partners, third- party manufacturers, and licensees, over whom we have limited control. Although we maintain policies with our employees, vendors, marketing partners, third- party manufacturers, and licensees that promote ethical business practices, and our employees, agents, and third- party compliance auditors periodically visit and monitor the operations of these entities, we do not control our vendors, third- party manufacturers, or licensees, or their practices. A violation of our vendor policies, licensee agreements, health and safety standards, labor laws, anti- bribery laws, privacy laws or other policies or laws by these employees, vendors, third- party manufacturers, or licensees could damage the image and reputation of our brands and could subject us to liability. As a result, negative publicity regarding us or our brands or products, including licensed products, could adversely affect our reputation and sales. Further, while we take steps to ensure the reputations of our brands are maintained through license and vendor agreements, there can be no guarantee that our brand image will not be negatively affected through its association with products or actions of our licensees, vendors, or third- party manufacturers. **Our future growth depends significantly on our branding and marketing efforts, and if our marketing efforts are not successful or if we receive negative publicity, the value of our brands, and our sales, could be diminished.** We ~~may experience delays,~~ **have invested significantly in our brands and believe that maintaining and enhancing our brands' identities is crucial to our success. Our ability to attract customers depends in large part on the success of marketing efforts and the success of the marketing channels we use to promote our** ~~product~~ **products** ~~recalls~~ **. Our marketing channels include earned media through press** , **social media and search engine optimization, as well as paid advertising, such as online affiliations, search engine marketing, digital marketing, social media marketing, influencer marketing, offline partnerships, direct mail, and television advertising. While** ~~or~~ **our** ~~loss of revenues~~ **goal remains to increase the strength, recognition and trust in** ~~or~~ **our** ~~incur additional costs~~ **brand by increasing our customer base and expanding our products,** if **in the future any of our current marketing channels becomes less effective, if we are unable to continue to use any of these channels, if we receive negative publicity** ~~our~~ - **or** ~~products do~~ **fail to maintain our brand, if the cost of using these channels significantly increases or if we are** not ~~meet~~ **successful in generating new channels, we may not be able to attract new customers** ~~our~~ - **or** ~~quality standards~~ **increase the activity of our existing members on our platform in a cost- effective manner** . From time to time, we receive shipments of product from our third- party vendors that fail to conform to our quality control standards. A failure in our quality control program may result in diminished inventory levels and product quality, which in turn may result in increased order cancellations and product returns, decreased consumer demand for our products, or product recalls, any of which may have a material adverse effect on our results of operations and financial condition. In addition, products that fail to meet our standards, or other unauthorized products, may be sold by third- parties without our knowledge or consent. This could materially harm our brand and our reputation in the marketplace. ~~Risks Related~~ **Although we have not incurred any material product recalls or delays** to ~~Operating a Global Business~~ **date, we have been subject to product recalls and / or delays in the past.** We **cannot provide any assurances that such events will not** ~~operate in a highly competitive market and the size and resources of some of our~~ **occur** ~~competitors may allow~~ **and impacts therefrom will not be material in** ~~them~~ - **the future** ~~to compete more effectively than we can~~ . The global baby and young children' s apparel and accessories market is highly competitive and includes both branded and private label manufacturers. Because of the fragmented nature of the industry, we also compete with many other manufacturers and retailers including in certain instances some of our wholesale accounts. Some of our competitors have greater financial resources and larger customer bases than we have. As a result, these competitors may be able to adapt to changes in customer requirements and preferences more quickly, take advantage of acquisitions and other opportunities more readily, devote greater resources to the marketing and sale of their products, ~~and~~ adopt more aggressive pricing strategies than we can ~~. Financial difficulties for~~ , **and** ~~or the loss of one or~~ more ~~of~~ **successfully utilize developing technology** , **including data analytics, artificial intelligence, and machine learning** ~~our major wholesale customers could result in a material loss of revenues~~ . A significant amount of our business is with our wholesale customers. For fiscal ~~2022~~ **2023** , we derived approximately 34 % of our consolidated net sales from our U. S. Wholesale segment, approximately 33 % of our consolidated net sales from our top ten wholesale customers, and approximately ~~27~~ **29** % of consolidated net sales from our top five wholesale customers, which includes net sales from our exclusive brands sold, in alphabetical order, at Amazon, Target, and Walmart. **Our largest wholesale customer accounted for approximately 10. 4 % of consolidated net sales in fiscal 2023.** As of the end of fiscal ~~2022~~ **2023** , approximately ~~81~~ **80** % of our gross accounts receivable were from our ten largest wholesale customers, with three of these customers having individual receivable balances in excess of 10 % of our total accounts receivable. Furthermore, we do not enter into long- term sales contracts with our major wholesale customers, relying instead on product performance, long- standing relationships, and our position in the marketplace. As we have experienced in the past, we face the risk that if one or more of these customers significantly decreases their business **, does business with us on less favorable terms** or terminates their relationship with us as a result of financial difficulties (including bankruptcy or insolvency), competitive forces, consolidation, reorganization, changes in merchandising strategies, or other reasons, then we may have significant levels of excess inventory that we may not be able to place elsewhere, a material decrease in our sales, or material impact on our operating results. In addition, our reserves for estimated credit losses resulting from the inability of our customers to make payments may prove not to be sufficient if any one or more of our customers are unable to meet outstanding obligations to us, which could materially adversely affect our operating results. If the financial condition or credit position of one or more of our customers were to deteriorate, or such customer fails, or is unable to pay the amounts owed to us in a timely manner, this could have a significant adverse impact on our business and results of operations. For instance, the parent company of buybuy BABY, Bed Bath & Beyond, Inc., **filed for Chapter 11 bankruptcy in April** ~~previously issued a business update on January 5,~~ 2023 ~~about~~ **and closed all of** its **360** ~~substantial doubt to continue as a~~

~~going concern. This customer comprised approximately 23 % of Skip Hop brand wholesale sales in fiscal 2022, and reduced demand from this customer may adversely impact Skip Hop wholesale sales volumes. Our retail success is dependent upon identifying locations and negotiating appropriate lease terms for retail~~ stores. We derive a significant portion of our revenues ~~is~~ through our retail stores in leased retail locations across the United States, Canada, and Mexico. Successful operation of a retail store depends, in part, on the overall ability of the retail location to attract a consumer base sufficient to generate profitable store sales volumes. A significant number of our stores are located in malls and other shopping centers, and many of these malls and shopping centers have been experiencing declines in customer traffic. If we are unable to identify new retail locations with consumer traffic sufficient to support a profitable sales level, our retail growth may be limited. Some new stores may be located in areas where we have existing sales channels. Increasing the number of stores in these markets may result in inadvertent diversion of customers and sales from our existing sales channels in the same market, thereby negatively affecting our results of operations. Further, if existing stores do not maintain a sufficient customer base that provides a reasonable sales volume or we are unable to negotiate appropriate lease terms for the retail stores, there could be a material adverse impact on our sales, gross margin, and results of operations. In addition, if consumer shopping preferences transition more from brick- and- mortar stores to online retail experiences, with us or other retailers, any increase we may see in our eCommerce sales may not be sufficient to offset the decreases in sales from our brick- and- mortar stores. We also must be able to effectively renew our existing store leases on acceptable terms. In addition, from time to time, ~~such as we have done in response to the ongoing COVID- 19 pandemic,~~ we may seek to renegotiate existing lease terms or downsize, consolidate, reposition, or close some of our real estate locations, which in most cases requires a modification of an existing store lease. Failure to renew existing store leases, secure adequate new lease terms, or successfully modify existing locations, or failure to effectively manage the profitability of our existing fleet of **stores, including the failure to successfully identify and close underperforming** stores, could have a material adverse effect on our results of operations. Additionally, the economic environment may at times make it difficult to determine the fair market rent of real estate properties within the United States and internationally. This could impact the quality of our decisions to exercise lease options and renew expiring leases at negotiated rents. Any adverse effect on the quality of these decisions could impact our ability to retain real estate locations adequate to meet our profit or growth targets or efficiently manage the profitability of our existing fleet of stores and could have a material adverse effect on our results of operations ~~. Our eCommerce business faces distinct risks, and our failure to successfully manage it could have a negative impact on our profitability~~ . The successful operation of our eCommerce business as well as our ability to provide a positive shopping experience that will generate consumer demand and drive subsequent visits depends on efficient and uninterrupted operation of our order- taking and fulfillment operations. Risks associated with our eCommerce business in the United States, Canada, and Mexico include: • the failure of the computer systems, including those of third- party vendors, that operate our eCommerce sites and mobile ~~applications~~ **apps** , including, among others, inadequate system capacity, service outages, computer viruses, human error, changes in programming, security breaches, system upgrades or migration of these services to new systems; • disruptions in telecommunications services or power outages; • reliance on third parties for computer hardware and software, as well as delivery of merchandise to our customers on- time and without damage; • limitations of shipping volumes which may be imposed by service providers; • rapid technology changes; • the failure to deliver products to customers on- time and within customers' expectations; • credit or debit card, or other electronic payment- type, fraud, or disruptions in payment systems; • the diversion of sales from our physical stores; • natural disasters or adverse weather conditions; • changes in applicable federal, state and international regulations; • liability for online content; and • consumer privacy concerns and regulation. Problems in any of these areas could result in a reduction in sales, increased costs and damage to our reputation and brands, which could adversely affect our business and results of operations. In addition, in fiscal ~~2022~~ **2023** we experienced a decrease in net sales in our eCommerce channel compared to fiscal ~~2021~~ **2022** . Our eCommerce business may continue to be negatively impacted if ~~consumers shift back to~~ **we do not successfully integrate our** traditional brick- and- ~~mortal~~ **mortar** ~~retail after the COVID- 19 pandemic~~ **shopping experience with our eCommerce experience or if we fail to improve on our eCommerce shopping experience** , and any increase we may see in net sales from **the growth in** brick- and- ~~mortal~~ **mortar** retail may not be sufficient to offset the decreases in net sales from eCommerce ~~. Profitability and our reputation and relationships could be negatively affected if we do not adequately forecast the demand for our products and, as a result, create significant levels of excess inventory or insufficient levels of inventory~~ . There can be no assurance that we will be able to successfully anticipate changing consumer preferences and product trends or economic conditions and, as a result, we may not successfully manage inventory levels to meet our future order requirements. If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of product required to meet the demand. Inventory levels in excess of consumer demand have resulted and may continue to result in inventory write- downs and the sale of excess inventory at discounted prices, which could have an adverse effect on the image and reputation of our brands and negatively impact profitability. On the other hand, if we underestimate demand for our products, our third- party manufacturers may not be able to produce enough products to meet consumer requirements, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and relationships. These risks could have a material adverse effect on our brand image, as well as our results of operations and financial condition. ~~Our profitability may decline as a result of lower margins, such as through deflationary pressures on our selling prices and increases in production costs and costs to serve.~~ The global apparel industry is subject to pricing pressure caused by many factors, including intense competition, the promotional retail environment, and changes in consumer demand. The demand for baby and young children' s apparel and accessories in particular may also be subject to other external factors, such as general inflationary pressures, as well as the costs of our products, which are driven in part by the costs of raw materials (including cotton and other commodities), labor, fuel, transportation and duties, any increases in mandatory minimum wages, and the costs to deliver those products to our customers. If external pressures, including **increased inflationary pressures on our consumers' discretionary spending and** deflation, cause us to reduce our sales prices and we fail to sufficiently reduce our product costs or operating expenses, or if we are unable to fully optimize prices or pass on increased costs to our customers, our profitability could decline. Additionally, while deflation could positively impact our product costs, it could have an adverse effect on our average selling prices per unit, resulting in lower sales and operating results. This could have a material adverse effect on our results of operations, liquidity, and financial condition. **As a large** ~~We may not be able to increase prices to fully offset inflationary pressures on costs~~ , **branded marketer of apparel for babies** ~~such as raw materials, labor,~~ and ~~transportation costs~~ **young children** , **we** ~~which may impact our expenses and profitability. We~~ rely on vendors, distribution resources and transportation providers. In fiscal ~~2021 and~~ 2022 **and 2023** , the costs of raw materials, packaging materials, labor, energy, fuel, transportation, and other inputs necessary for the production and distribution of our products increased significantly. We ~~also expect~~ **have recently seen moderation in** the ~~pressures of certain input cost~~ **costs** ~~inflation to continue in 2023~~ **of raw materials and ocean freight, but cannot predict the impact that increased costs will have on our expenses and profitability** . Our attempts to offset these cost pressures, such as through increases in the selling prices of some of our products, may not be successful. Higher product prices may result in reductions in sales volume, as consumers may choose less expensive options, or forego some purchases altogether, during an economic downturn. To the extent that price increases are not sufficient to offset these increased costs adequately or in a timely manner, and / or if they result in significant decreases in sales volume, our business, financial condition, or operating results may be adversely affected. **Conversely** ~~Our revenues~~ , ~~product~~ **if competitive pressures or other factors prevent us from offsetting increased** costs **by price increases** , ~~and other expenses are subject to foreign economic and currency risks due to~~ our **profitability may decline** ~~operations outside of the United States~~ . We have operations in Canada, Mexico, and Asia, and our vendors, third- party manufacturers, and licensees are located around the world. The value of the U. S. dollar against other foreign currencies has experienced significant volatility in recent years. While our business is primarily conducted in U. S. dollars, we source substantially all of our production from Asia, and we generate significant revenues in Canada **. Our international wholesale customers have from time to time and may in the future be negatively impacted by inflation, the stronger U. S. dollar, and global conflicts** . Cost increases caused by currency exchange rate fluctuations could make our products less competitive or have a material adverse effect on our profitability. Currency exchange rate fluctuations could also disrupt the businesses of our third- party manufacturers that produce our products by making their purchases of raw materials or products more expensive and more difficult to finance. Additionally, fluctuations in currency exchange rates impact the amount of our reported sales and expenses, which could have a material adverse effect on our financial position, results of operations, and cash flows. Our business ~~could suffer a material adverse effect from unseasonable or extreme weather conditions, or other effects of climate change. Our business~~ is susceptible to unseasonable weather conditions, which could influence customer demand, consumer traffic, and shopping habits. For example, extended periods of unseasonably warm temperatures during the winter season or cool temperatures during the summer season have in the past and could in the future affect the timing of and reduce or shift demand for our products, and thereby could have an adverse effect on our operating results, financial position, and cash flows. In addition, extreme weather conditions in the areas in which our stores are located could negatively affect our business, operating results, financial position, and cash flows. For example, frequent or unusually heavy or intense snowfall, flooding, hurricanes, heat stress and sea level rise, or other extreme weather conditions over an extended period have caused and could in the future cause our stores to close for a period of time or permanently, and could make it difficult for our customers and employees to travel to our stores or to receive products shipped to them, which in turn could negatively impact our operating results. In addition, there is concern that climate changes could cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters ~~. These changes may increase the effects described above, and changing weather patterns could result in decreased agricultural productivity in certain regions~~ , which ~~may limit availability and / or increase the cost of certain key materials, such as cotton. Public expectations and internal goals for reductions in greenhouse gas emissions could result in increased energy, transportation, and raw material costs, and may require us to make additional investments in facilities and equipment. In addition, the failure to meet or properly report progress on our Science-Based Target Initiative targets, public expectations or regulatory requirements may result in reputational damage or other adverse effects. As a result, the effects of climate change~~ could have a long- term adverse impact on our business and results of operations. **These changes may increase the effects described above, and changing weather patterns could result in decreased agricultural productivity in certain regions, which may limit availability and / or increase the cost of certain key materials, such as cotton. Further, risks related to environmental and sustainability policies, laws, technologies, and negative impacts on our reputation, can impact our business in the short-, medium-, and long- term. For example, if global suppliers decide to pass additional costs from current and emerging regulation related to emissions reductions or global carbon tax schemes, we could be impacted by those additional costs. Additionally, increasing consumer awareness of environmental issues has sparked a trend in the industry of offering more sustainable products, allowing customers to make conscious decisions, which could put us at a competitive disadvantage as compared to other companies. Environmental, social, and governance matters and any related reporting obligations may adversely impact our business, financial condition and results of operations. U. S. and international regulators, customers, and investors are increasingly focused on corporate environmental, social, and governance (" ESG ") practices and disclosures and may evaluate our business or other practices according to a variety of ESG targets, standards, and expectations. For example, new domestic and international laws and regulations relating to ESG matters are under consideration or being adopted. The SEC has proposed a rule requiring disclosure of a broad range of climate change- related information and similar laws have been enacted in the State of California and jurisdictions such as the European Union. These, and additional legislation which may be passed, may cause us to incur significant additional costs of compliance due to the need for expanded data collection, analysis, and certification with respect to greenhouse gas emissions and other climate change related risks, as well as other ESG topics. Although we have announced goals with respect to certain ESG topics,**

including Scope 1 and 2 greenhouse gas emissions, suppliers with science- based sustainability targets, waste, plastic packaging, and water usage, as well as goals with respect to our products and our people, we may be unable to meet them or be required to revise them. As a result, we may face adverse regulatory, investor, media, or public scrutiny that may adversely affect our business, results of operations, or financial condition. Furthermore, the criteria by which our ESG practices, including our initiatives and public goals, are assessed may change due to the evolution of the sustainability landscape, which could result in greater expectations of us and may cause us to undertake costly initiatives to satisfy new criteria. If we are unable to respond effectively to these changes to the sustainability landscape, governments, customers, and investors may conclude that our policies and / or actions with respect to ESG matters are inadequate. If we fail or are perceived to have failed to achieve previously announced public goals or to accurately disclose our progress on such goals or initiatives, our reputation, business, financial condition and results of operations could be adversely impacted. Risk Relating to Litigation ~~We are and may become subject to various claims and pending or threatened lawsuits, including as a result of investigations or other proceedings related to previously disclosed investigations.~~ We are subject to various claims and pending or threatened lawsuits in the course of our business, including claims that our designs infringe on the intellectual property rights of third parties. We are also affected by trends in litigation, including class action litigation brought under various laws, including product liability, consumer protection, employment, and privacy and information security laws. In addition, litigation risks related to claims that technologies we use infringe intellectual property rights of third parties have been amplified by the increase in third parties whose primary business is to assert such claims. When appropriate, reserves are established based on our best estimates of our potential liability. However, we cannot accurately predict the ultimate outcome of any such proceedings due to the inherent uncertainties of litigation. Regardless of the outcome or whether the claims are meritorious, legal and regulatory proceedings may require that management devote substantial time and expense to defend the Company. In the event we are required or ~~determine~~ **decide** to pay amounts in connection with any such claims or lawsuits, such amounts could exceed applicable insurance coverage, if any, or contractual rights available to us. As a result, such lawsuits could be significant and have a material adverse impact on our business, financial condition, and results of operations. Product safety concerns may also require us to recall selected products at a substantial cost to us, which may lead to a lack of consumer trust and reputational harm to the affected brand. Product safety concerns, or the failure to manage recalls or defects, could also result in governmental fines, product liability litigation, lost sales and increased costs. ~~In addition, as previously reported, in 2009 the SEC and the U. S. Attorney' s Office began conducting investigations, with which we cooperated, related to customer margin support provided by us, including undisclosed margin support commitments and related matters. In December 2010, we entered into a non- prosecution agreement with the SEC pursuant to which the SEC agreed not to charge us with any violations of federal securities laws, commence any enforcement action against us, or require us to pay any financial penalties in connection with the SEC investigation of customer margin support provided by us, conditioned upon our continued cooperation with the SEC' s investigation and with any related proceedings. We have incurred, and may continue to incur, substantial expenses for legal services due to SEC and U. S. Attorney' s Office investigations and any related proceedings. These matters may continue to divert management' s time and attention away from operations. We also expect to bear additional costs pursuant to our advancement and indemnification obligations to directors and officers under the terms of our organizational documents in connection with proceedings related to these matters. Our insurance may not provide coverage to offset all of the costs incurred in connection with these proceedings.~~ Risks Related to Cybersecurity, Data Privacy, and Information Technology ~~Our systems, and those of our third- party vendors, containing personal information and payment data of our retail store and eCommerce customers, employees, and other third parties could be breached, which could subject us to adverse publicity, costly government enforcement actions or private litigation, and expenses.~~ We rely on the security of our networks, databases, systems, and processes to protect our proprietary information and information about our customers, employees, and vendors, including customer payment information. We have established physical, electronic, and organizational measures to safeguard and secure our systems to prevent data compromise and rely on commercially available systems, software, tools, and monitoring to provide security for our IT systems and the processing, transmission and storage of digital information. However, our IT systems are vulnerable to damage or interruption from a variety of sources, including physical damage, telecommunications or network failures or interruptions, system malfunction, natural disasters, malicious human acts, terrorism, and war, and we have experienced interruptions in the past. These systems, including our servers, are also vulnerable to physical or electronic break-ins, security breaches from inadvertent or intentional actions by our employees, third- party service providers, contractors, consultants, business partners, and / or other third parties, or 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). We have outsourced elements of our IT systems, including to cloud- based solution vendors, and use third- party vendors in other aspects of our operations and, as a result, a number of third- party vendors may or could have access to confidential information. Our third- party vendors have experienced service interruptions and cyber- attacks in the past, and we expect they ~~may~~ **will** continue. Cyber criminals are constantly devising schemes to circumvent information technology security safeguards and other retailers have suffered serious data security breaches. The risk of a security breach or disruption, particularly through cyber- attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased **, due in part to cyber- attacks stemming from the Russia- Ukraine conflict** . We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, 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. It is possible that we or our third- party vendors may experience cybersecurity and other breach incidents that remain undetected for an extended period. 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 issues, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant and, while we have implemented security measures to protect our IT and data security infrastructure, our efforts to address these issues may not be successful. If unauthorized parties gain access to our networks or databases, or those of our vendors, they may be able to steal, publish, delete, modify, or block our access to our private and sensitive internal and third- party information, including payment information and personally identifiable information. In such circumstances, we could be held liable to our customers, other parties, or employees as well as be subject to regulatory or other actions for breaching privacy law (including the E. U. GDPA, CCPA, and the CPRA) or failing to adequately protect such information. This could result in costly investigations and litigation exceeding applicable insurance coverage or contractual rights available to us, civil or criminal penalties, operational changes, or other response measures, loss of consumer confidence in our security measures, and negative publicity that could adversely affect our financial condition, results of operations, and reputation. Further, if we are unable to comply with the security standards established by banks and the payment processing industry, we may be subject to fines, restrictions, and expulsion from payment acceptance programs, which could adversely affect our retail operations. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. If our IT systems fail and our redundant systems or disaster recovery plans are not adequate to address such failures, or if our business interruption insurance does not sufficiently compensate us for any losses that we may incur, our revenues and profits could be reduced and the reputation of our brand and our business could be materially and adversely affected. 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 have been, and will likely continue to be, 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 and customers may be improperly accessed, used or disclosed. In addition, our third- party providers may 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 **the other risks from cybersecurity threats described above** ~~results of operations. Failure to implement new information technology systems or needed upgrades to our systems, including operational and financial systems~~ , could adversely affect our business **strategy, financial condition, or results of operations. Although the aggregate impact of cybersecurity breaches has not been material to date, we have been subject to cybersecurity incidents in the past, including within the last three years, and expect them to continue as cybersecurity threats evolve in sophistication. We cannot provide any assurances that such events will not occur and impacts therefrom will not be material in the future** . As our business continues to grow in size, complexity, and geographic footprint, we have enhanced and upgraded our information technology infrastructure and we expect there to be a regular need for additional enhancements and upgrades as we continue to grow. Failure to implement new systems or upgrade systems, including operational and financial systems, as needed or complications encountered in implementing new systems or upgrading existing systems could cause disruptions that may adversely affect our business and results of operations. Further, additional investments needed to upgrade and expand our information technology infrastructure may require significant investment of additional resources and capital, which may not always be available or available on favorable terms ~~. Risks Related to our Global Supply Chain and Labor Force We source substantially all of our products through foreign production arrangements. Our dependence on foreign supply sources are subject to risks associated with global sourcing and manufacturing which could result in disruptions to our operations~~ . We source substantially all of our products through a network of vendors primarily in Asia, principally coordinated by our Hong Kong sourcing office. Our global supply chain could be negatively affected due to a number of factors, including: • political instability or other global events resulting in the disruption of operations or trade in or with foreign countries from which we source our products; • the occurrence of a natural disaster, unusual weather conditions, or a disease epidemic in foreign countries from which we source our products; • financial instability, including bankruptcy or insolvency, of one or more of our major vendors, including our transportation providers and carriers; • the imposition of new laws and regulations relating to imports, duties, taxes, and other charges on imports, including those that the U. S. government has implemented and may further implement on imports from China, such as the Uyghur Forced Labor Prevention Act and other sanctions and trade regulations issued by the U. S. government related to forced labor in the Xinjiang Uyghur Autonomous Region of China and other regions which may affect our sourcing operations and the availability of raw materials, including cotton, used by the vendors from which we purchase goods; • increased costs of raw materials (including cotton and other commodities), labor, fuel, and transportation; • interruptions in the supply of raw materials, including cotton, fabric, and trim items; • increases in the cost of labor in our sourcing locations; • changes in the U. S. customs procedures concerning the importation of apparel products, durable goods and accessories; • unforeseen delays in customs clearance of any goods; • disruptions in the global transportation network, such as a port strikes or delays, work stoppages or other labor unrest, capacity withholding, world trade restrictions, acts of terrorism, or war; • the application of adverse foreign intellectual property laws; • the ability of our vendors to secure sufficient credit to finance the manufacturing process, including the acquisition of raw materials; • potential social compliance concerns resulting from our use of international vendors, third-party manufacturers, and licensees, over whom we have limited control; • manufacturing delays or unexpected demand for products may require the use of faster, but more expensive, transportation methods, such as air- freight services; and • other events beyond our control that could interrupt our supply chain and delay receipt of our products into the United States, Canada, and Mexico, as well as the ninety additional countries in which our international partners and international wholesale customers operate. The occurrence of one or more of these events could result in disruptions to our operations, which in turn could increase our cost of goods sold, decrease our gross profit, **and /** or impact our ability to deliver to our customers ~~. The COVID- 19 pandemic has impacted and continues to impact global supply chain operations, causing delays in the production and transportation of our product~~ . For example, ~~in fiscal 2020~~ **we have recently experienced delays with respect to our shipments via ocean vessels due to attacks by a militant group at the entrance to the Red Sea region. These attacks have required us to route shipments around the Cape of Good Hope at the southern tip of Africa, which has added** ~~and~~ **an additional seven to ten days of transit time. Typically, approximately 65 % of our products are shipped through the Red Sea to arrive at their destination on the East Coast of the U. S. and we expect delays of approximately seven to ten days if the hostilities in the region continue. We expect that the adverse impact of the hostilities in the region, including additional transportation fees to re- route these shipments, could be approximately $ 6. 0 to $ 7. 0 million through the end of June 2024. If these hostilities continue or escalate, our business and results of operations could be materially adversely affected. Also, the United States Treasury Department has placed sanctions on China' s Xinjiang Production and Construction Corporation (" XPCC ") for human rights violations and took other significant steps to address the forced labor concerns in the Xinjiang Uyghur Autonomous Region (the " XUAR ") of China, including withhold release orders issued by U. S. Customs and Border Protection, (" US CBP "). Additionally, on December 23,** 2021 **, President Biden signed the Uyghur Forced Labor Prevention Act (the " UFLPA ") into law, which is intended to address the use of forced labor in China' s Xinjiang Uyghur Autonomous Region (" XUAR "). Among** ~~the~~ **other** ~~COVID- 19 pandemic had~~ **things, the UFLPA imposes** a ~~material~~ **presumptive ban on the import of goods to the United States that are made, wholly or in part, in the XUAR or by persons that participate in certain programs in the XUAR that entail the use of forced labor. The UFLPA took effect on June 21, 2022 and, along with US CBP withhold release orders, may in turn have an** adverse effect on ~~our sourcing operations~~ **global supply chains** , ~~particularly~~ **including our own supply chains for cotton and cotton- containing products, and the price of cotton** in **the marketplace. The XUAR is the source of large amounts of cotton and textiles for the global apparel supply chain. Although we do not knowingly source any products from the XUAR and we have no known involvement with** China **' s Xinjiang Production** and **Construction Corporation (" XPCC ")** ~~the rest of Asia, and has slowed our~~ **or** ~~ability~~ **its affiliates, we could be subject** to ~~import~~ **penalties, fines or sanctions if any of the vendors from which we purchase goods is found or suspected to have dealings, directly or indirectly, with XPCC or entities with which it may be affiliated. Additionally, our** products ~~into North America~~ **have been and, in the future, could be held or delayed by the US CBP under the withhold release orders, which would cause delays and unexpectedly affect our inventory levels. Even if we were not subject to penalties, fines, or sanctions, if products we source are associated in any way to XPCC or the XUAR, our reputation could be damaged** . In ~~addition, in fiscal 2021 and 2022, we experienced increased inbound transportation and freight costs as compared to prior periods, and we expect that we may experience increased costs in the future that may adversely impact our financial and operating results in~~ fiscal 2023 ~~and further periods. A relatively small number of vendors supply a significant amount of our products, and losing one or more of these vendors could have a material adverse effect on our business. In fiscal 2022~~ , we purchased approximately ~~57~~ **55** % of our products from ten vendors, with three vendors representing ~~nearly~~ **approximately** one half of the purchases made from our top ten vendors. Additionally, we estimate that approximately ~~74~~ **66** % of the fabric that is used in the manufacture of our products is sourced from China. We expect that we will continue to source a significant portion of our products from these vendors. We do not have agreements with our major vendors that would provide us with assurances on a long- term basis as to adequate supply or pricing of our products. If any of our major vendors decide to discontinue or significantly decrease the volume of products they manufacture for us, raise prices on products we purchase from them, or become unable to perform their responsibilities (e. g., if our vendors become insolvent or experience financial difficulties, manufacturing capacity constraints, significant labor disputes, or restrictions imposed by foreign governments) our business, results of operations, and financial condition may be adversely affected. ~~Labor or other disruptions along our supply chain may adversely affect our relationships with customers, reputation with consumers, and results of operations.~~ Our business depends on our ability to source and distribute products in a timely manner. Labor disputes at third- party factories where our goods are produced, the shipping ports we use, or within our transportation carriers create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during our peak manufacturing and importing times. For example, we source a significant portion of our products through a single port on the West Coast of the United States. Work slowdowns and stoppages relating to labor agreement negotiations involving the operators of this west coast port and unions have in the past resulted in a significant backlog of cargo containers entering the United States. We, along with other companies, have also shifted a significant amount of our product deliveries to ports of entry on the East Coast of the United States, which have experienced volume increases that created, and may continue to create, delays at these ports that did not exist before we, and others, shifted significant volume to them. **The ports of entry to which we deliver on the East Coast may also be subject to labor disputes, work slowdowns, lockouts, strikes, or other disruptions.** Further, in the past, the insolvency of a major shipping company has also had an effect on our supply chain. As a result, we have in the past experienced delays in the shipment of our products. In the event that these slow- downs, disruptions or strikes occur in the future in connection with labor agreement negotiations or otherwise, it may have a material adverse effect on our financial position, results of operations, or cash flows ~~. Our inability to effectively source and manage inventory could negatively impact our ability to timely deliver our inventory supply and disrupt our business, which may adversely affect our operating results~~ . We source all of our products from a global network of third- party suppliers. If we experience significant increases in demand, or need to replace an existing vendor or shift production to vendors in new countries, there can be no assurance that additional manufacturing capacity will be available when required on terms that are acceptable to us or that any vendor would allocate sufficient capacity to us in order to meet our requirements. In addition, for any new vendors, we may encounter delays in production and added costs as a result of the time it takes to train our vendors in producing our products and adhering to our quality control standards. In the event of a significant disruption in the supply of the fabrics or raw materials (including cotton) used by our vendors in the manufacture of our products, such as an inability to source from a particular vendor or geographic region, our vendors might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, or increased costs in the manufacture of our products could have a material adverse effect on our operating results or cash flows. Additionally, the nature of our business requires us to carry a significant amount of inventory, especially prior to the peak holiday selling season when **we** increase our inventory levels, and to support our retail omni- channel strategies, including our buy on- line and pick- up in store program. Merchandise usually must be ordered well in advance of the season **in which it is expected to be sold,** and frequently before apparel trends are validated by customer purchases. We must enter into contracts for the purchase and manufacture of merchandise well in advance of the applicable selling season. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases and allocations to our sales channels. In the past, we have not always predicted our customers' preferences and acceptance levels of our trend items with accuracy. If sales do not meet expectations, too much inventory may cause excessive markdowns and, therefore, lower- than- planned margins, and too little inventory may result in lost sales. ~~Our Braselton, Georgia distribution facility handles a large portion of our merchandise distribution. If we encounter problems with this facility, our ability to deliver our products to the market could be adversely affected.~~ We ~~handle~~ **process** a large portion of our merchandise distribution for our U. S. stores and our eCommerce operations from our facility in Braselton, Georgia. Our ability to meet consumer expectations, manage inventory, complete sales, and achieve objectives for operating efficiencies depends on proper operation of this facility. If we are not able to distribute merchandise to our stores or customers because we have exceeded our capacity at our distribution facility (such as a high level of demand during peak periods) or because of natural disasters, health issues, accidents, system failures, disruptions, or other events, our sales could decline, which may have a materially adverse effect on our earnings, financial position, and our reputation. Additionally, we have experienced significant competition in hiring employees for this facility, ~~which we attribute to the impacts of governmental stimulus related to COVID- 19~~ and **in order** to ~~increased competition and rising wages. To~~ address this, we have increased wages and implemented other policies in order to retain existing employees and attract additional employees. These wage increases impacted our operating results. We are likely to continue to face challenges in hiring employees for this facility due to increased competition and we may incur additional employee- related costs, when necessary, which would impact our operating results. These staffing difficulties have caused and may in the future cause additional capacity constraints. Additionally, if we are unable to adequately staff this facility to meet demand, or if the cost of such staffing is higher than projected due to competition, mandated wage increases, regulatory changes, or other factors, our operating results may be further harmed. In addition, we use automated systems that manage the order processing for our eCommerce business. In the event that one of these systems becomes inoperable for any reason, we may be unable to ship orders in a timely manner, and as a result, we could experience a reduction in our direct- to- consumer business, which could negatively impact our sales and profitability. ~~Risks Relating to Our International Expansion~~ We may be unsuccessful in expanding into international markets. We cannot be sure that we can successfully complete any planned international expansion or that new international business will be profitable or meet our expectations. We do not have significant experience operating in markets outside of North America. Consumer demand, behavior, tastes, and purchasing trends may differ in international markets and, as a result, sales of our products may not be successful or meet our expectations, or the margins on those sales may not be in line with those we currently anticipate. We may encounter differences in business culture and the legal environment that may make working with commercial partners and hiring and retaining an adequate employee base more challenging. We may also face difficulties integrating foreign business operations with our current operations **, including our international supply chain operations** . Significant changes in foreign laws or relations, such as political uncertainty and potential trade wars between nations in which we operate, may also hinder our success in new markets. Our entry into new markets may have upfront investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and such costs may be greater than expected. If our international expansion plans are unsuccessful, our results could be materially adversely affected. Risks Related to Governmental and Regulatory Changes ~~Failure to comply with the various laws and regulations as well as changes in laws and regulations could have an adverse impact on our reputation, financial condition, or results of operations.~~ We are subject to laws, regulations and standards set by various governmental authorities around the world, including in the United States, Canada, and Mexico, including: • those imposed by the Sarbanes- Oxley Act of 2002, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the SEC, and the NYSE; • the U. S. Foreign Corrupt Practices Act, and similar world- wide anti-bribery laws; • health care, employment and labor laws; • product and consumer safety laws, including those imposed by the U. S. Consumer Product Safety Commission and the Americans with Disabilities Act of 1990; • data privacy laws, including the E. U. GDPA and the CCPA; • trade, transportation and logistics related laws, including tariffs and orders issued by Customs and Border Protection; and • applicable environmental laws. Our failure to comply with these various laws and regulations could have an adverse impact on our reputation, financial condition, or results of operations. In addition, these laws, regulations, and standards may change from time to time, and the complexity of the regulatory environment in which we operate may increase. Although we undertake to monitor changes in these laws, if these laws change without our knowledge, or are violated by importers, designers, manufacturers, distributors, or agents, we could experience delays in shipments and receipt of goods or be subject to fines or other penalties under the controlling regulations, any of which could negatively affect our business and results of operations. Also, our inability, or that of our vendors, to comply on a timely basis with regulatory requirements could result in product recalls, or significant fines or penalties, which in turn could adversely affect our reputation and sales, and could have an adverse effect on our results of operations. Issues with respect to the compliance of merchandise we sell with these regulations and standards, regardless of our culpability or customer concerns about such issues, could result in damage to our reputation, lost sales, uninsured product liability claims or losses, product recalls, and increased costs. ~~Risks Related to Executing Our Strategic Plan Our failure to properly manage strategic initiatives in order to achieve our objectives may negatively impact our business.~~ The implementation of our business strategy periodically involves the execution of complex initiatives, such as acquisitions, which may require that we make significant estimates and assumptions about opportunities and initiatives that we may pursue. These projects could place significant demands on our accounting, financial, information technology, and other systems, and on our business overall. We are dependent on our management' s ability to oversee these projects effectively and implement them successfully. If our estimates and assumptions about a project are incorrect, or if we miscalculate the resources or time we need to complete a project or fail to implement a project effectively, our business and operating results could be adversely affected. Given the trend of declining customer traffic in malls and shopping centers, our **multichannel** ~~multi- channel~~ business model is an important pillar of our strategic plan. Our **multichannel** ~~multi- channel~~ global business model, which includes retail store, eCommerce, and wholesale sales channels, enables us to reach a broad range of consumers around the world. However, to be effective, this strategy has and will continue to require significant investment in cross- functional operations and management focus, along with investment in supporting technologies. Omni- channel retailing is rapidly evolving and we must anticipate and meet changing customer expectations and address new developments and technology investments by our competitors. Our omni- channel retailing strategy includes implementing new technology, software, and processes to be able to fulfill customer orders from any point within our system of stores and distribution centers, which is extremely complex and may not meet customer expectations for timely and accurate deliveries. **We have made significant investments in our direct- to- consumer capabilities in recent years, including same- day fulfillment of online purchases and radio frequency identification (RFID) technology, in order to increase the visibility and accuracy of our inventories.** If we are unable to attract and retain employees or contract with third- parties having the specialized skills needed to support our **multichannel** ~~multi- channel~~ efforts, implement improvements to our customer- facing technology in a timely manner, allow real- time and accurate visibility to product availability when customers are ready to purchase, quickly and efficiently fulfill our customers' orders using the fulfillment and payment methods they demand, or provide a convenient and consistent experience for our customers regardless of the ultimate sales channel, our ability to compete and our results of operations could be adversely affected. In addition, if our retail eCommerce sites or our other customer- facing technology systems do not appeal to our customers, reliably function as designed, or maintain the privacy of customer data, or if we are unable to consistently meet our brand and delivery promises to our customers, we may experience a loss of customer confidence or lost sales, or be exposed to fraudulent purchases, which could adversely affect our reputation and results of operations. Additionally, our pricing and other strategies for growing profitability may not achieve their objectives, may adversely affect our business, inventory units sold, results of operations, and cash flows. A failure to properly execute our plans and business strategies, delays in executing our plans and business strategies, increased costs associated with executing on our plans and business strategies, or failure to identify alternative strategies could have a material adverse effect on our business, financial position, results of operations, and cash flows. Our ~~success is dependent upon retaining key individuals within the organization to execute our strategic plan. Our~~ ability to attract and retain qualified executive management, marketing, merchandising, design, sourcing, technology, operations, including distribution center and retail store, and support function staffing is key to our success. 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. We have paid special bonuses across our workforce and have increased, and may continue to increase, our employee compensation and benefits levels in response to competition, as necessary. Our inability to retain personnel could cause us to experience business disruption due to a loss of historical knowledge and a lack of business continuity and may adversely affect our results of operations, financial position, and cash flows ~~. We may be unable to grow through acquisitions or successfully integrate acquired businesses, and such acquisitions may fail to achieve the financial results we expected~~ . From time to time we may acquire other businesses as part of our growth strategy, such as our acquisitions of the Skip Hop brand and our Mexican licensee in fiscal 2017, and we may partially or fully fund future acquisitions by taking on additional debt. We may be unable to continue to grow through acquisitions if we are not able to identify suitable acquisition candidates or acquire them on favorable terms, and potential acquisitions may be abandoned or delayed if necessary financing is not available or regulatory approvals cannot be obtained. For completed acquisitions, we may be unable to successfully integrate businesses we acquire and such acquisitions may fail to achieve the financial results we expected. Integrating completed acquisitions into our existing operations, particularly larger acquisitions, involves numerous risks, including harmonizing divergent technology platforms, diversion of our management attention, failure to retain key personnel and customers, and failure of the acquired business to be financially successful. In addition, we cannot be certain of the extent of any unknown or contingent liabilities of any acquired business, including liabilities for failure to comply with applicable laws, such as those relating to product safety, anti- bribery or anti- corruption. We may incur material liabilities for past activities of acquired businesses. Also, depending on the location of the acquired business, we may be required to comply with laws and regulations that may differ from those of the jurisdictions in which our operations are currently conducted. Our inability to successfully integrate businesses we acquire, or if such businesses do not achieve the financial results we expect, may increase our costs and have a material adverse impact on our financial condition and results of operations. ~~Risks Related to Financial Reporting, Our Debt, and Tax We may not achieve sales growth plans, profitability objectives, and other assumptions that support the carrying value of our intangible assets.~~ The carrying values of our goodwill and tradename assets are subject to annual impairment reviews as of the last day of each fiscal year or more frequently, if deemed necessary, due to any significant events or changes in circumstances. Estimated future cash flows used in these impairment reviews could be negatively affected if we do not achieve our sales plans and planned profitability objectives. Other assumptions that support the carrying value of these intangible assets, including a deterioration of macroeconomic conditions which would negatively affect the cost of capital and / or discount rates, could also result in impairment of the remaining asset values. For example, in fiscal 2022, we recorded **a**

non- cash pre- tax ~~intangible asset impairments~~ - **impairment charge** of $ 9. 0 million **on our Skip Hop indefinite- lived tradename asset** , reflecting the effect of increased discount rates and lower forecasted sales and profitability. **As of** ~~In addition, in~~ the **end** ~~first quarter~~ of fiscal ~~2020~~ **2023** ~~, we recorded intangible asset impairments of $ 26. 5 million and a goodwill impairment of $ 17. 7 million based on forecasted financial information derived from the information reasonably available to us at the time given the unknown future impact of the COVID- 19 pandemic. We have substantial debt, which could adversely affect our financial health and our ability to obtain financing in the future and to react to changes in our business. As of the end of fiscal 2022~~ , we had $ ~~620~~ **500** . 0 million aggregate principal amount of debt outstanding (excluding $ ~~3~~ **4** . ~~5~~ **4** million of outstanding letters of credit), and $ ~~726~~ **845** . ~~5~~ **6** million of undrawn availability under our senior secured revolving credit facility after giving effect to $ ~~3~~ **4** . ~~5~~ **4** million of letters of credit issued under our senior secured revolving credit facility. As a result, our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements, or general corporate or other purposes may be limited, and we may be unable to renew or refinance our debt on terms as favorable as our existing debt or at all. If our liquidity, cash flows, and capital resources are insufficient to fund our debt service obligations and other cash requirements, we could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional capital, or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. In addition, both our senior secured revolving credit facility and, in certain circumstances, the indenture that governs the senior notes contain restrictive covenants that, subject to specified exemptions, restrict our ability to incur indebtedness, grant liens, make certain investments (including business acquisitions), pay dividends or distributions on our capital stock, engage in mergers, dispose of assets and use the proceeds from any such dispositions, and raise debt or equity capital to be used to repay other indebtedness when it becomes due. These restrictions may limit our ability to engage in acts that may be in our long- term best interests, and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. In particular, we cannot guarantee that we will have sufficient cash from operations, borrowing capacity under our debt documents, or the ability to raise additional funds in the capital markets to pursue our growth strategies as a result of these restrictions or otherwise. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility ~~. We may experience fluctuations in our tax obligations and effective tax rate~~ . We are subject to income taxes in federal and applicable state and local tax jurisdictions in the United States, Canada, Hong Kong, Mexico, and other foreign jurisdictions. Our taxable income in each jurisdiction is affected by certain transfer pricing arrangements between affiliated entities. Challenges to the arms- length nature of these transfer prices could materially affect our taxable income in a taxing jurisdiction, and therefore affect our income tax expense. We record tax expense based on our estimates of current and future payments, which include reserves for estimates of uncertain tax positions. At any time, many tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may impact the ultimate settlement of these tax positions. As a result, there could be ongoing variability in our quarterly tax rates as taxable events occur and exposures are re- evaluated. Further, our effective tax rate in any financial statement period may be materially affected by changes in the geographic mix and level of earnings. During the requisite service period for compensable equity- based compensation awards that we may grant to certain employees, we recognize a deferred income tax benefit on the compensation expense we incur for these awards for all employees other than our named executive officers. At time of subsequent vesting, exercise, or expiration of an award, the difference between our actual income tax deduction, if any, and the previously accrued income tax benefit is recognized in our income tax expense / benefit during the current period and can consequently raise or lower our effective tax rate for the period. Such differences are largely dependent on changes in the market price for our common stock. We cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the United States or foreign countries upon the import or export of our products in the future, or what effect any of these actions would have, if any, on our business, financial condition, or results of operations. Changes in regulatory, geopolitical, social or economic policies, treaties between the United States and other countries, and other factors may have a material adverse effect on our business in the future or may require us to exit a particular market or significantly modify our current business practices. For example, our taxable income may be affected by new laws, rulings, initiatives, and other events, which may affect our business, financial condition, or results of operations in future periods, including: • the CARES Act, which was enacted in March 2020, and which significantly affects U. S. taxation by providing a retention credit and eases limitations on certain deductions including interest due to potential volatility in 2020 taxable income; • a 2018 U. S. Supreme Court ruling, under which states may have additional ability to tax entities operating in their state, but lacking physical presence; • mandatory country by country reporting of revenue, employees and profits, and certain international initiatives (such as the Organisation for Economic Co- operation and Development (OECD)' s Base Erosion and Profit Shifting (BEPS)) that are focused on the equity of international taxation, which may ultimately result in a worldwide minimum tax, or more defined approach around global profit allocation between related companies operating in jurisdictions with disparate income tax rates; and • tax revenue reductions as a result of the economic impact of the pandemic, which may lead to increases in state tax rates or the expansions of their tax base ~~. General Risks Quarterly cash dividends and share repurchases are subject to a number of uncertainties, and may affect the price of our common stock~~ . Quarterly cash dividends and share repurchases under our share repurchase program have historically been part of our capital allocation strategy. Although we reinstated our share repurchase program in August 2021 and resumed payment of a quarterly dividend in the third quarter of fiscal 2021, in the first quarter of fiscal 2020 we suspended both our quarterly cash dividends and our share repurchase program due to the effects of the COVID- 19 pandemic, and we are not required to declare dividends or make any share repurchases under our share repurchase program in the future.

Decisions with respect to future dividends and share repurchases are subject to the discretion of our Board of Directors and will be based on a variety of factors, including restrictions under our secured revolving credit facility, market conditions, the price of our common stock, the nature and timing of other investment opportunities, changes in our business strategy, the terms of our financing arrangements, our outlook as to the ability to obtain financing at attractive rates, the impact on our credit ratings and the availability of domestic cash. A subsequent reduction or elimination of our cash dividend, or subsequent suspension or elimination of our share repurchase program could adversely affect the market price of our common stock. Additionally, there can be no assurance that any share repurchases will enhance shareholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock, and short- term stock price fluctuations could reduce the program' s effectiveness. The market price of our ~~comment stock may be volatile. The market price of our~~ common stock may fluctuate substantially. Future announcements concerning us or our competitors', financial results, quarterly variations in operating results or comparable sales, updates on strategic initiatives, failure to meet analyst or investor expectations, failure of investors or analysts to understand our business strategies or fundamental changes in our business or sector, among other factors, could cause these fluctuations. In addition, stock markets have experienced periods of significant price or volume volatility in recent years. This volatility has had a substantial effect on the market prices of securities of many public companies for reasons frequently unrelated to the operating performance of the specific companies. Stock price volatility may also impact our decisions with respect to future dividends and share repurchases ~~. Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees, or agents~~ . Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, or agents to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the " DGCL "), our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. This exclusive forum provision is not intended to apply to actions arising under the Exchange Act or the Securities Act of 1933, as amended. The Court of Chancery of the State of Delaware has held that a Delaware corporation can only use its constitutive documents to bind a plaintiff to a particular forum where the claim involves rights or relationships that were established by or under the DGCL. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the forum selection provision of our amended and restated bylaws. The choice of forum provision may limit a shareholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees, or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.