

## Risk Factors Comparison 2025-03-24 to 2024-03-25 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Investing in our Class A common shares involves a high degree of risk. In addition to the other information in this Form 10-K and in our other public filings, investors should carefully consider the following risk factors. The risks described below are not the only risks we face or may face, **and investors should not interpret the disclosure of a risk to imply that the risk has not already materialized**. The occurrence of any of the following risks, or the occurrence of additional risks and uncertainties not presently known to us or that we currently believe to be immaterial, could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our Class A common shares could decline, and investors may lose all or part of their original investment. This Form 10-K also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements and estimates as a result of specific factors, including the risks and uncertainties described below.

### RISKS RELATING TO MACROECONOMIC AND INDUSTRY CONDITIONS

A downturn in global economic conditions or a decline in consumer confidence in the economy has adversely affected discretionary consumer spending and may continue to do so, which has impacted, and likely will continue to impact, our business. Adverse global economic conditions that are caused by events or conditions beyond our control create uncertainties and have in the past impacted our business and may in the future materially adversely affect our business, results of operations, and financial condition. These adverse economic conditions include inflation, **economic downturns, recession or** slower **economic** growth ~~or recession~~, new or increased tariffs and other barriers to trade, changes to fiscal and monetary policy, higher interest rates, high unemployment, decreased consumer confidence in the economy, public health threats, **supply chain disruptions**, international hostilities, foreign currency exchange rate fluctuations, conditions affecting the retail environment for products we sell, and other matters that influence consumer confidence. Throughout ~~2023~~ **2024**, **our comparable sales declined as we experienced overall lower direct-to-** ~~a downturn in global economic conditions, most notably the growing concerns of a potential recession, rising interest rates, inflationary pressures, and significant foreign currency volatility, adversely impacted discretionary consumer~~ **traffic** ~~income levels and spending for our customers~~. Consumer spending on discretionary items, including our products, generally declines during periods of economic uncertainty, when disposable income is reduced, or when there is a reduction in consumer confidence. ~~During 2023, our net~~ **We believe the decrease in comparable sales is a result of ongoing** ~~declined as we experienced overall lower direct-to-consumer~~ **concern of negative** ~~traffic and we became more promotional in an~~ **and** ~~increasingly competitive landscape~~ **or uncertain economic conditions, most notably the concern of economic volatility, fluctuations in interest rates, inflationary pressures, and changes in employment levels**. Additionally, our major retailer customers for our Brand Portfolio segment may experience a significant downturn in their businesses as a result of macroeconomic conditions and, in turn, these customers may reduce their purchases from us, which may have a material adverse effect on our business. Competitive pricing pressure has been exacerbated by a more promotional retail environment ~~as the industry experienced a shift from tighter inventory positions to excess inventory and as macroeconomic conditions impact discretionary consumer spending~~. **The continuation of these trends could have a material adverse effect on our business or operating results. Moreover, we are unable to predict the severity of macroeconomic uncertainty, whether or when such circumstances may improve or worsen, or the full impact such circumstances could have on our business.** These factors ultimately could require us to enact **further** mitigating operating efficiency measures that **may not be successful and** could have a material adverse effect on our business, operations, and results of operations. ~~The continuation of these trends could have a material adverse~~ **Adverse** ~~effect on our business~~ **global economic conditions and disruptions to** ~~or our business~~ operating results. Moreover, **along with a sustained decline in** ~~we are unable to predict the severity of macroeconomic uncertainty, whether or~~ **our stock price** ~~when such circumstances may improve or worsen, or~~ **may lead to triggering events that may indicate that** ~~the full impact such circumstances could have on our business~~ **carrying value of certain assets, including inventories, accounts receivables, equity investments, long-lived assets, intangibles, and goodwill, may not be recoverable**. We may be unable to compete in the highly competitive footwear market, which could have a material adverse effect on our business. The footwear market is highly competitive with few barriers to entry. We compete against a diverse group of manufacturers and retailers, including **online retailers, single-brand specialty retailers, multi-channel specialty retailers, brand suppliers,** department stores, ~~online retailers,~~ mall-based shoe stores, national chains, independent shoe retailers, ~~single-brand--~~ **and specialty retailers,** brand-oriented discounters, ~~multi-channel specialty retailers, and brand suppliers~~. In addition, our wholesale retailer customers sell shoes purchased from competing footwear suppliers with brands that are well known. Our success depends on our ability to remain competitive with respect to assortment, fashion trends, quality, convenience, and value. The performance of our competitors, as well as a change in their promotional and pricing approaches as a result of the current economic environment, marketing activities, and other business strategies, could have a material adverse effect on our business. E-commerce networks have rapidly evolved and consumer receptiveness to shopping online has substantially increased. Competition from e-commerce players has significantly increased due to their ability to provide improved user experiences, greater ease of buying goods, low or no shipping fees, faster shipping times, and more favorable return policies. Businesses, including our suppliers, can easily launch e-commerce websites and mobile platforms at nominal costs by using commercially available software or partnering with **various** ~~any of a number of~~ successful digital marketplace providers. Some of our suppliers use such platforms to compete with us by allowing consumers to purchase products directly ~~through~~ **from** ~~the~~ **them** ~~supplier~~. Competitors with other revenue sources may also ~~be able to~~ devote more

resources to marketing and promotional campaigns, adopt more aggressive pricing policies, and devote more resources to websites, mobile platforms and applications, and systems development. Our business may be adversely affected if we are unable to provide our customers with cost-effective shopping platforms that are able to respond and adapt to rapid changes in technology. The number of people who access the Internet through devices other than personal computers, including mobile phones, smartphones, handheld computers such as notebooks and tablets, video game consoles, and television set-top devices, has increased dramatically in recent years. The smaller screen size, functionality, and memory associated with smartphones, laptops, and tablets may make using our websites and purchasing our products online more difficult. The versions of our websites developed for these devices and our mobile app may not be compelling to consumers. In addition, it is time-consuming and costly to keep pace with rapidly changing and continuously evolving technology, including potential changes related to artificial intelligence. If it is more difficult for our customers to buy products from us on their mobile devices, or if our customers choose not to buy products from us on their mobile devices or to use mobile products that do not offer access to our websites, our customer growth could be harmed, which could have a material adverse effect on our business, financial condition, and results of operations. We are also dependent on the interoperability of our websites 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 websites or mobile app, limit or discontinue our access to a particular platform, or give preferential treatment to competitive products or services, could adversely affect the usage of our websites on mobile devices. We are also subject to the policies and terms of service of the providers of such operating systems and mobile application download stores, which govern the promotion, distribution, content, and operation of our mobile applications. Each provider has broad discretion to change and interpret its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. Additionally, mobile application download stores have imposed, and are likely to continue imposing, certain privacy- and security-related restrictions and controls on the providers and applications within their marketplaces.

**RISKS RELATING TO OUR BUSINESS AND OPERATIONS** We may be unable to anticipate and respond to rapidly changing consumer preferences, customer expectations, and fashion trends, which could have a material adverse effect on our business. Demand for our products fluctuates according to rapid changes in consumer preferences and trends, which are dictated by lifestyle, fashion, and season, and may shift quickly. A variety of factors will affect our ability to maintain the proper mix of products, including economic conditions impacting discretionary consumer spending; unanticipated fashion trends; our ability to provide timely access to popular brands at attractive prices; our success in distributing merchandise to our stores, online customers, and our wholesale retailer customers in an efficient manner; and changes in weather patterns, which, in turn, may affect consumer preferences. **In addition, the continuing consumer shift to online and mobile shopping has increased customer expectations of lower shipping costs, improved shipping speeds, and optimized mobile platforms.** If we are unable to anticipate trends and fulfill the merchandise needs of our customers, we may experience decreases in our net sales and / or may be forced to increase markdowns in relation to slow-moving merchandise, either of which could have a material adverse effect on our business. We rely on our strong relationships with **vendors-suppliers** to purchase products, including third-party manufacturers and national brand **vendors-suppliers**. If these relationships were to be impaired, we may be unable to obtain a sufficient assortment of merchandise at attractive prices or respond promptly to rapidly changing trends, either of which could have a material adverse effect on our business and financial performance. The success of our business depends on our ability to obtain products from our **vendors-suppliers**, including third-party manufacturers and national brand **vendors-suppliers**, on a timely basis, on acceptable terms, and to our specifications. If we fail to maintain strong relationships with these **vendors-suppliers** or if they fail to ensure the quality of merchandise that they supply to us, our ability to provide our customers with merchandise they want at favorable prices may be limited, which could have a material adverse effect on our business. In addition, any negative brand image, widespread product defects, financial distress, or negative publicity related to our **vendors-suppliers** could have a material adverse effect on our reputation and on our business. We ~~do not exert direct control over our vendors' operations and~~ cannot guarantee that any **vendor-supplier** will have sufficient production capacity, meet our delivery expectations, or meet our product safety, social compliance, or quality standards. **The** We typically do not have long-term supply contracts with our vendors, and ~~the~~ loss of any of our major **vendors-suppliers** could disrupt our operations and adversely affect our business. If these third-party manufacturers ~~do not perform their obligations~~, cease working with us, fail to meet our product safety, social compliance, or quality standards, or are unable to provide us with the materials and services that we need, at prices and on terms that are acceptable to us, then we could experience product delays and shortages. Failure by us to deliver quality products to our customers on a timely basis and any associated damage to our reputation could have a material adverse impact on our business and results of operations. Decisions by national brand **vendors-suppliers** to not to sell to us or to limit the availability of the products they sell to us could have a negative impact on our business. In addition, our inability to stock our sales channels with desired merchandise at attractive prices could result in lower net sales and decreased customer interest in our sales channels, which could have a material adverse effect on our business. During **2023-2024**, three key national brand **vendors-suppliers** together supplied approximately **21-25** % of our retail segments merchandise, with no individual **vendor-supplier** providing more than 10 % of our retail merchandise. The loss of, or a reduction in the amount and quality of merchandise supplied by, any of our high-volume **vendors-suppliers** could have an adverse effect on our business. If we are unable to offer suitable alternatives to satisfy product demand, sales could decline, which could have a material adverse effect on our operating results. Losses or disruptions associated with our distribution systems, including our distribution centers and stores, could have a material adverse effect on our business and operations. Our operating results depend on the orderly operation of our receiving, distribution, and fulfillment processes, which in turn depend on **vendors-suppliers** adherence to shipping schedules and our effective management of our facilities. We may not anticipate all of the changing demands on our operations, and events beyond our control may occur, including disruptions in operations due to public health threats, catastrophic events, shortages in labor, or shipping problems, any of which may result in delays in the delivery of merchandise to our stores and customers. We rely on the

flow of goods through ports worldwide on a consistent basis from factories and suppliers. **Potential or actual Disruptions** **disruptions** at ports could create significant risks for our business, particularly if these disruptions occur during peak importing times. If we experience significant delays in receiving product, this could result in canceled orders by retailer customers, unanticipated inventory shortages, or receipt of seasonal product after the peak selling season, which could have a material adverse effect on our business and operations. In addition, if our merchandise is not delivered to customers in a timely fashion or is damaged or lost during the delivery process, our customers could become dissatisfied and cease shopping on our websites, which could adversely affect our business and operating results. If we encounter issues with our ability to timely and satisfactorily fulfill customer orders, meet customer expectations, manage inventory, and complete sales, our business may be adversely affected. While we maintain business interruption and property insurance, if any of the points within our distribution systems were to shut down for any reason or if we were to incur higher costs and longer lead times in connection with a disruption, our insurance may not be sufficient to cover the impact to our business. **Future acquisitions of and investments in new..... condition, and results of operations.** The loss or disruption of IT services could affect our operations and have a material adverse effect on our business. Our IT systems are an integral part of our strategies for efficiently operating our business, managing operations, and protecting against security risks related to our electronic processing and transmitting of confidential customer and associate data. The requirements to keep our IT systems operating at peak performance may be higher than anticipated and could strain our capital resources, as well as impact our ability to manage any system upgrades, implement new systems, make management process changes for newly implemented systems, ~~integrate new businesses from transition service arrangements,~~ and prevent any information security breaches. In addition, any significant disruption of our data center could have a material adverse effect on our operations dependent on those systems, specifically, our store and e-commerce operations, our distribution centers, and our merchandising team. While we maintain business interruption and property insurance, in the event of a data center shutdown, our insurance may not be sufficient to cover the impact to our business. Our e-commerce operations are important to our business and are subject to various risks of operating online and mobile selling capabilities, such as the failure of our IT infrastructure, including any third-party hardware or software, resulting in downtime or other technical issues; inability to respond to technological changes, such as those related to artificial intelligence; credit card fraud; or other information security breaches. Failure to mitigate these risks could reduce e-commerce sales, damage our reputation, and have a material adverse effect on our business. ~~The implementation of new or updated IT systems could result in significant disruptions to our operations. The interdependence of our systems creates significant risk to the successful completion of implementing new systems or upgrading existing systems, and the failure of any one system could have a material adverse effect on our overall IT infrastructure. We may experience difficulties as we transition to these new or upgraded systems and processes, including loss or corruption of data, decreases in productivity as our associates and third-party providers become familiar with new systems, and increased costs. Difficulties in implementing new or upgraded information systems or significant system failures could disrupt our operations and have a material adverse effect on our business and results of operations. If we are unable to successfully manage changes as we implement new or updated systems, including harmonizing our systems, data, processes, and reporting analytics, our ability to conduct, manage, and control routine business functions could be adversely affected. In addition, we could incur material, unanticipated expenses, including additional costs related to implementation.~~ We face risks related to our electronic processing of sensitive and confidential personal and business data. If such data is lost or disclosed in an unauthorized manner, or if we or our third-party vendors are subject to cyberattacks, data breaches, other security incidents, or disruption of IT systems or software, we could be exposed to liability or experience reputational harm, which could have a material adverse effect on our business. Given the nature of our business, we, together with third parties acting on our behalf, receive, collect, process, use, and retain sensitive and confidential customer and associate data and proprietary business information. Our business relies on IT networks and systems to market and sell our products, process financial and personal information, manage a variety of business processes, and comply with regulatory, legal, and tax requirements. We also depend on a variety of information systems to effectively process customer orders and other data, for digital marketing activities, and for electronic communications with our associates, customers, prospective customers, and vendors. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to customer data. Additionally, we maintain other confidential, proprietary, or otherwise sensitive information relating to our business and third parties. The IT networks and systems ~~owned, operated, controlled, or used~~ by us or our vendors may be susceptible to damage, disruptions ~~or shutdowns, software or hardware vulnerabilities, data breaches, security incidents, supply-side attacks,~~ failures during the process of upgrading or replacing software, databases, or components, power outages, natural disasters, hardware failures, ~~attacks by computer hackers, telecommunication failures, user errors or user malfeasance, computer viruses,~~ unauthorized access **or attacks, including actions of foreign actors and insider attacks**, phishing or social engineering attacks, ~~ransomware attacks, distributed denial-of-service attacks, brute force~~ **the introduction of computer viruses and / or malicious or destructive code, robocalls ransomware or other malware attacks**, and other real or perceived cyberattacks or catastrophic events, any of which may not be prevented by our efforts to secure our computer systems. Any of these incidents could lead to interruptions or shutdowns of our platform, disruptions in our ability to process customer orders or to track, record, or analyze the sale of our products, loss or corruption of data, **loss of funds**, or unauthorized access to or acquisition of personal information or other sensitive information, such as our intellectual property. **Such incidents could also lead to widespread technology outages, interruptions or other failures of operational, communication, or other systems globally and across companies and industries.** We utilize security tools and controls, which include reasonable efforts to ensure that our third-party vendors maintain sufficient security measures, including encryption and authentication technology, in an effort to reduce our cyber risk and protect personal and other sensitive information. However, none of our or our vendors' security measures can provide absolute security. Advances in computer capabilities, **continually evolving and** increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography, the potential use of artificial

intelligence by cyber- attackers to develop malicious code and launch sophisticated phishing attempts, or other developments may result in our or our vendors' failure or inability to adequately protect personal or other sensitive information. **In addition, vulnerabilities may be introduced from the use of artificial intelligence by us and our vendors.** Despite our or our vendors' security measures, we ~~or may be unable to anticipate cyberattacks~~ ~~our or vendors may implement adequate preventative measures and could~~ suffer **the impacts of** a cyberattack, ~~hackers or other~~ ~~parties may gain access to or exfiltrate~~ personal information or other sensitive data, and any such data compromise or unauthorized access may not be discovered in a timely fashion **and could persist for an extended period of time**. We rely on associates, contractors, and other third parties who may attempt to circumvent our security measures in order to obtain personal information or other sensitive data and may purposefully or inadvertently cause a breach involving such information. Actual or anticipated attacks may cause us to incur increased costs, including costs to deploy additional personnel and protection technologies, train associates, pay higher insurance premiums, and engage third- party specialists for additional services. An information security breach involving confidential and personal data could damage our reputation, adversely affect our customers' willingness to purchase from us, and adversely affect our vendors' willingness to supply or provide services to us. In addition, we may incur material liabilities and remediation costs as a result of an information security breach, including potential liability for stolen customer or associate data, costs relating to repairing system damage, or costs of providing credit monitoring or other benefits to customers or associates affected by the breach. If we experience ~~an a material~~ information security breach, our insurance may not be sufficient to cover the impact to our business. Although we have developed mitigating security controls to reduce our cyber risk and protect our data from loss or disclosure due to a security breach, including processes designed to reduce the impact of a security breach at a third- party vendor, such measures cannot provide absolute security. We, and our third- party vendors, regularly experience cyberattacks aimed at disrupting services. Our third- party vendors ~~have been and~~ may be the victim of cyber- related attacks ~~that~~. **If they fail to deter, detect, or report cyber incidents in a timely manner, we may suffer from financial and other harm, including to our information, operations, and reputation, and such incidents** could lead to operational disruptions that could have an adverse effect on our ability to fulfill customer orders. Security incidents, such as ransomware attacks, are becoming increasingly prevalent and severe, as well as increasingly difficult to detect. We, and our third- party vendors, have been subject to cyber, phishing, and social engineering attacks and other security incidents in the past and may continue to be subject to such attacks in the future. Security breaches can also occur as a result of non- technical issues, including intentional or inadvertent actions by our associates, our third- party vendors, ~~or their personnel, or other parties~~. If we or our third- party service providers experience security breaches that result in a decline in marketplace performance, availability problems, or the loss of, corruption of, unauthorized access to, or disclosure of personal data or confidential information, customers may become unwilling to provide us with the information necessary for such customers to make purchases on our e- commerce websites, and our reputation and market position could be harmed. Existing customers may also decrease their purchases or close their accounts altogether. We could also face potential claims, investigations, regulatory proceedings, liability, and litigation, and could bear other substantial costs in connection with remediating and otherwise responding to any data security breach, all of which may not be adequately covered by insurance, and which may result in an increase in our costs for insurance or insurance not being available to us on economically feasible terms, or at all. Insurers may also deny us coverage as to any future claim. Any of these results could harm our growth prospects, financial condition, business, and reputation. We, or third parties we rely on, may not be able to fully, continuously, and effectively implement security controls as intended. As described in Item 1C. Cybersecurity, we utilize a risk- based approach and exercise judgment to determine the security controls to implement, and it is possible that we may not implement appropriate controls if we do not recognize or if we underestimate a particular risk. In addition, security controls, no matter how well- designed or implemented, may only mitigate and not fully eliminate risks. Cybersecurity events, when detected by security tools or third parties, may not always be immediately understood or acted upon. Our failure to protect the value of our banners, Owned Brands, or our reputation could have a material adverse effect on our brands. Our success is largely dependent on our ability to provide our customers with a merchandise assortment that they want and our ability to provide a consistent, high- quality customer experience. We believe that maintaining and enhancing the reputation and recognition of our banners and our Owned Brands ~~are is~~ critical to our ability to expand and retain our customer base. Any negative publicity about us or the significant brands we offer may reduce demand for our merchandise. Failure to comply with ethical, social, product, labor, health and safety, accounting, or environmental **regulations and** standards could also jeopardize our reputation and potentially lead to various adverse consumer actions, **in addition to potential investigations or actions against us by governmental entities, fines, penalties, or other liabilities**. In addition, negative claims or publicity, including on social media, regarding celebrities with whom we have license and endorsement arrangements could adversely affect our reputation and sales, regardless of whether such claims are accurate. Consumer actions could include boycotts and negative publicity through social or digital media. Negative public perception about us or the products we carry, whether justified or not, could impair our reputation, subject us to litigation, damage our brands, or have a material adverse effect on our business. We hold exclusive licensing rights that allow us to design, source, and sell footwear for certain of our key Owned Brands, including Vince Camuto, Jessica Simpson, **and** Lucky Brand, ~~Hush Puppies, and Le Tigre~~. We rely on our ability to retain and maintain good relationships with the licensors and their ability to maintain strong, well- recognized brands and trademarks. The terms of our license agreements vary and are subject to renewal with various termination provisions, and we may not be able to renew these licenses. Even our longer- term or renewable licenses are typically dependent upon our ability to market and sell the licensed products at specified levels, and our failure to meet such levels may result in the termination or non- renewal of such licenses. Furthermore, many of our license agreements require minimum royalty payments, and if we are unable to generate sufficient sales and profitability to cover these minimum royalty requirements, we may be required to make additional payments to the licensors, which could have a material adverse effect on our business and results of operations. The ~~value of~~ **demand for** the brands we sell may also depend on ~~the success of our~~ **how we are viewed relative to** corporate social

responsibility (" CSR") and sustainability initiatives **environmental, social, and governance (" ESG") positions**, which require Company-wide coordination **may not align with the expectations of our customers, investors, and alignment other stakeholders**. Risks associated with these initiatives include any increased public focus, including by governmental and nongovernmental organizations, new laws and regulations, increased costs associated with sustainability efforts and / or compliance with laws and regulations, as well as increased pressure to expand our CSR and sustainability-ESG disclosures in these areas, make commitments, set targets, or establish additional goals and take actions to achieve such targets and goals. **At the same time, there also exists sentiment against such initiatives among certain stakeholders and government institutions, and we may face scrutiny, customer boycotts, reputational risk, lawsuits, or market access restrictions from these parties regarding our CSR or ESG positions.** All of the foregoing could expose us to market, operational, and execution costs or risks. Any ~~CSR or sustainability~~ metrics **related to these topics** that we ~~currently or may in the future~~ disclose, whether based on the standards we set for ourselves or those set by others, or our failure to achieve any ~~CSR or sustainability~~ metrics that we ~~currently or may in the future~~ disclose, may influence our reputation and the **value of demand for** the brands that we offer **sell**. There is also increased focus, including by **customers, investors, customers, and other stakeholders, on these CSR and other sustainability matters, including the use of plastic, energy, waste, and worker safety, and products, offerings, and marketing towards certain demographics**. Our reputation could be damaged if we do not, or are perceived to not, act responsibly with respect to ~~sustainability~~ **these** matters, which could also have a material adverse effect on our business, results of operations, financial position, and cash flows. We are dependent on our customer **loyalty-retail reward** programs and marketing to drive traffic, sales, and loyalty, and any decrease in membership or purchases from members could have a material adverse effect on our business. Customer traffic is influenced by our marketing methods and our **loyalty-reward** programs. We rely on our **loyalty-reward** programs to drive customer traffic, sales, and purchase frequency **as**. ~~Loyalty~~ members earn points toward discounts on future purchases through our **VIP rewards-reward** programs in the U. S. and Canada. We employ a variety of marketing methods, including email, direct mail, and social media, to communicate product offerings and various promotions and discounts to all of our customers, as well as exclusive offers to our rewards members. As of February 3-1, 2024 **2025**, we had **32-30.1-8** million members enrolled in our **loyalty-VIP reward** programs who have made at least one purchase over the last two years. In **2023-2024**, shoppers in the **loyalty-reward** programs generated approximately **90-86** % of the combined U. S. Retail and Canada Retail segments' net sales. If our rewards members decrease their purchase frequency or do not continue to shop with us, we fail to add new members, the number of members decreases, or our marketing is not effective in driving customer traffic, such event could have a material adverse effect on our business. Future acquisitions of and investments in new businesses and brands and other growth strategies could disrupt our ongoing business and adversely impact our financial condition and results of operations. From time to time, we may acquire or invest in businesses, or we may license brands that we believe could complement our business and offer growth opportunities. For example, in the first quarter of **2023-2024**, we acquired **Rubino Keds** and in the third quarter of 2023, we licensed the **Hush Puppies** brand, which both include the use of a transition services arrangement as we work toward integration into our existing infrastructure. The expected synergies and contributions **contribution** to our business as a result of ~~these~~ **this** and other **acquisitions or** investments may not materialize. Further, such integrations may disrupt our business or divert the attention of our management. Achieving the expected benefits depends in large part on our successful integration of any new operations, systems, and personnel in a timely and efficient manner. We cannot ensure that all of our integration efforts will be completed on a timely basis, as planned, or without substantial expense, delay, or other operational problems. Until we make substantial progress with our integration efforts, we also face the risk that we may not be able to effectively manage the business and achieve planned results. In addition, the integration process may strain our financial and managerial controls and reporting systems and procedures and may also result in the diversion of management and financial resources from core business objectives. Our integration efforts may not be successful, or we may not realize the anticipated benefits after we complete our integration efforts. **In addition, we may** ~~We have a long-term goal of doubling the net sales from~~ **time to time evaluate and pursue other strategic initiatives, investments, our- or acquisitions. These strategic initiatives** Owned Brands by 2026 (using 2021 net sales as a baseline), **investments, while also maintaining our- or levels of net sales of national acquisitions could involve various inherent risks, and the benefits sought may not be realized, or these strategic initiatives, acquisitions, or investments may not create value or may harm our brands- brand**. We expect **and adversely affect our business, financial condition, and results of operations**. Our failure to retain our existing senior management team or continue to attract qualified new personnel could have a material adverse effect on our business. The success of our business is dependent on the continuation of an experienced and talented management team. If we were to lose the benefit of the experience, efforts, and abilities of any of our key executives or members of senior management, our business could be adversely affected. We have entered into employment agreements with certain of our key executives and also offer compensation packages designed to attract and retain talent. In addition, our ability to manage our business will require us to continue to train, motivate, and develop our associates to maintain a high level of talent for future challenges and succession planning. Competition for these types of personnel is intense, and we may not be successful in attracting and retaining the personnel required to grow and operate **our business. Our failure to retain existing and secure new store locations under acceptable lease terms for our retail segments could have a material adverse effect on our business. The success of our retail segments depends, in part, on our ability to secure long-term leases in desirable locations at acceptable terms for our stores and to secure renewals of such leases. No assurance can be given that we will be able to successfully negotiate lease renewals for existing stores or obtain acceptable terms for new stores in desirable locations. Our ability to operate stores on a profitable basis depends on many factors, including our ability to identify suitable markets and sites for our store locations with financially stable co-tenants and landlords; build-out or remodel sites on a timely and effective basis; obtain sufficient financing and capital resources or generate sufficient cash flows from operations to fund store capital expenditures; open new stores or remodel existing stores at costs not significantly**

greater than those anticipated; successfully open new stores in markets in which we currently have few or no stores; control the costs associated with store openings; and hire, train, and retain qualified managers and store personnel. To the extent that we are opening new stores in our existing markets, we may experience reduced net sales in existing stores in those markets. As a result, the number of customers and financial performance of individual stores may decline and the average sales per square foot at our stores may be reduced. Due to the changing retail landscape, we may want to reduce the size or number of store locations but may be unable to successfully exit lease agreements, which could have a material adverse effect on our business. Our ABL Revolver and Term Loan contain restrictions that could limit our ability to fund operations, which could adversely affect our business. Funds drawn under our ABL Revolver may be used for working capital purposes, capital expenditures, share repurchases, other expenditures, and permitted acquisitions, as defined in the ABL Revolver. The amount of credit available under the ABL Revolver is limited to a borrowing base formulated on, among other things, a percentage of the book value of eligible inventory and credit card receivables, as reduced by certain reserves. Consequently, it is possible that, should we need to access any additional funds from our ABL Revolver, such funds may not be available in full. The ABL Revolver requires us to maintain a fixed charge coverage ratio of not less than 1: 1 when availability is less than the greater of \$ 47. 3 million or 10. 0 % of the maximum borrowing amount. Our ABL Revolver and Term Loan also contain customary covenants restricting our activities, including limitations on our ability to sell assets, engage in acquisitions, enter into transactions involving related parties, incur additional debt, grant liens on assets, pay dividends, repurchase stock, and make certain other changes. There are specific exceptions to these covenants, including, in some cases, upon satisfying specified payment conditions based on availability. The ABL Revolver and Term Loan contain customary events of default, including failure to comply with certain financial and other covenants. Upon an event of default that is not cured or waived within the applicable cure period, in addition to other remedies that may be available to the lenders, our obligations may be accelerated, outstanding letters of credit may be required to be cash collateralized, and remedies may be exercised against the collateral. RISKS RELATING TO EXTERNAL FACTORS Our international operations and reliance on foreign- sourced merchandise exposes us to risks associated with international matters. We have key international operations in various locations, including Canada, ~~and~~ China, ~~and~~ Brazil, and we face risks inherent in sourcing our merchandise from third- party manufacturers and national brand ~~vendors~~ suppliers with foreign operations. Our operations may be adversely affected by international political, economic, and social instability; local laws and customs; legal and regulatory constraints, including compliance with applicable anti- bribery, anti- corruption, labor, trade, and foreign tax laws; local business practices, including compliance with foreign laws and with domestic and international labor standards; and currency laws and regulations. Risks may also include, among others, public health threats, which has in the past materially adversely impacted our business; inclement weather and natural disasters; international hostilities, ~~acts of war~~, including the ongoing war in Ukraine and **conflicts in the Middle East** ~~Israel- Hamas war~~, the recent militant attacks on cargo vessels in the Red Sea, which ultimately could adversely impact supplier deliveries or freight costs, or terrorism; increases in shipping costs; transportation delays and interruptions, including increased inspections of import shipments by domestic authorities or the occurrence of international trade disruptions; **labor or supply shortages**; work stoppages; expropriation or nationalization; changes in foreign government administration and governmental policies; changes in import duties or quotas ; **increases in tariffs, sanctions, and other trade barriers or restrictions** ; cost and difficulties associated with managing operations outside of the U. S.; possible adverse tax consequences from changes in tax laws or the unfavorable resolution of tax assessments or audits; and greater difficulty in enforcing intellectual property rights. Additionally, fluctuations in foreign currency exchange rates may negatively impact our financial results. With a substantial portion of our merchandise being imported from foreign countries, any of these events could result in our failure to obtain merchandise in a timely manner, which ultimately could have a material adverse effect on our business, financial condition, or results of operations. We require our business partners to operate in compliance with applicable laws and regulations and our internal requirements. However, we do not control such third parties or their labor and business practices. The violation of labor or other laws by any one of our ~~vendors~~ suppliers could have a material adverse effect on our business. **Compliance with laws or changes in existing or new laws and regulations or regulatory enforcement priorities could adversely affect our business. Our failure to comply with applicable laws and regulations could have a material adverse effect on our business. We are required to comply with various laws and regulations at the local, regional, state, federal, and international levels. These laws and regulations change frequently, and such changes can impose significant costs and other burdens of compliance on our business and third parties we rely upon. Any changes in regulations, the imposition of additional regulations, or the enactment of any new legislation that affects employment / labor, trade, product safety, transportation / logistics, energy costs, health care, tax, environmental issues, including the impact of climate change, or compliance with the Foreign Corrupt Practices Act or similar anti- corruption laws could have a material adverse impact on our financial condition and results of operations. In addition, changes in enforcement priorities by governmental agencies charged with enforcing existing laws and regulations could increase our cost of doing business. The evolving and at times overlapping regulatory regimes to which the Company is subject may change at any time, including as a result of changes in the U. S. political environment. Failure to achieve or maintain compliance with applicable laws and regulations could subject us to lawsuits and other proceedings and lead to damage awards, fines, penalties, and remediation costs. We are or may become involved in a number of legal proceedings and audits, including grand jury investigations, government and agency investigations, and shareholder, consumer, employment, tort, and other litigation. We cannot predict with certainty the outcomes of these proceedings and other contingencies, including environmental remediation and other proceedings commenced by governmental authorities. The outcome of some of these proceedings, audits, and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations or could require us to pay substantial amounts of money, adversely affecting our financial condition and results of operations. Additionally, defending against these lawsuits and proceedings may involve**

**significant expense and diversion of management's attention and resources.** We are subject to stringent and changing privacy laws, regulations, and standards, as well as policies, contracts, and other obligations related to data privacy and security. Our failure to comply with privacy laws and regulations, as well as other legal obligations, could have a material adverse effect on our business. State, federal, and foreign governments have enacted and are continuing to enact laws and regulations governing the collection, use, retention, sharing, transfer, and security of personally identifiable information and data. Our business is subject to a variety of federal, state, local, and foreign laws and regulations, orders, rules, codes, regulatory guidance, and certain industry standards regarding privacy, data protection, consumer protection, information security, and the processing of personal information and other data. For example, the California Consumer Privacy Act of 2018 ("CCPA") imposes certain restrictions and disclosure obligations on businesses that collect personal information about California residents and provides for a private right of action, as well as penalties for noncompliance. The CCPA provides for civil penalties for violations and creates a private right of action for certain data breaches that is expected to increase data breach litigation. In addition, the California Privacy Rights Act ("CPRA") took effect in January 2023 (with a look-back for certain requirements to January 2022), which amends amended and expands expanded the CCPA and places placed additional restrictions on the "sharing" of personal information for purposes of cross-context behavioral advertising. We are subject to additional state privacy regulations, including the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Act, and the Utah Consumer Privacy Act, which regulate the processing of "personal data" regarding their respective residents and which grant residents certain rights with respect to their personal data. State laws are changing rapidly, and new legislation proposed or enacted in a number of other states imposes, or has the potential to impose, additional obligations on companies that process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. The U. S. federal government is also significantly focused on privacy matters. We are subject to other consumer protection laws and the regulatory environment is increasingly demanding with frequent new and changing requirements concerning cybersecurity, information security, and privacy, which may be inconsistent from one jurisdiction to another. Any failure by us or any of our business partners to comply with applicable laws, rules, and regulations may result in investigations or actions against us by governmental entities, private claims and litigation, fines, penalties, or other liabilities. Such events may increase our expenses, expose us to liabilities, and harm our reputation, which could have a material adverse effect on our business. While we aim to comply with applicable data protection laws and obligations in all material respects, we could be subject to claims that we have violated such laws and obligations, we may not be able to successfully defend against such claims, and we could be subject to significant fines and penalties in the event of non-compliance. Additionally, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult and costly to achieve, or impossible to achieve, and we could be subject to fines and penalties in the event of non-compliance. Extreme or unseasonable weather conditions in locations where we and our vendors operate could have a material adverse effect on our business.