Risk Factors Comparison 2024-03-14 to 2023-03-09 Form: 10-K

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Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our results of operations and financial condition. In that event, the trading price and value of our Class A common stock could decline, and you may lose part or all of your investment. Risks Related to our Business and Industry Our business depends on maintaining and strengthening our brand and generating and maintaining ongoing demand for our products, and a significant reduction in such demand could harm our results of operations. We have developed a strong and trusted brand that we believe has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value and reputation of Solo Brands. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, quality assurance, marketing and merchandising efforts, the reliability and reputation of our supply chain, our ability to grow and capture share of the outdoor lifestyle category, and our ability to provide a consistent, high- quality consumer experience. We have made substantial investments in these areas in order to maintain and enhance our brand and these experiences, but such investments may not be successful. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. For example, our business depends in part on our ability to maintain a strong community of engaged customers and social media influencers. We may not be able to maintain and enhance a loyal customer base if we receive customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, operating results and growth prospects. The growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brand or our products on social or digital media could seriously damage our brand and reputation. For example, consumer perception could be influenced by negative media attention regarding any consumer complaints about our products, our management team, ownership structure, sourcing practices and supply chain partners, employment practices, ability to execute against our mission and values, and our products or brand, such as any advertising campaigns or media allegations that challenge the sustainability of our products and our supply chain, or that challenge our marketing efforts regarding the quality of our products, which could have an adverse effect on our business, brand and reputation. Similar factors or events could impact the success of any brands or products we introduce in the future. Our company image and brand are very important to our vision and growth strategies, particularly our focus on being a " good company " and operating consistent with our mission and values. We will need to continue to invest in actions that support our mission and values and adjust our offerings to appeal to a broader audience in the future in order to sustain our business and to achieve growth, and there can be no assurance that we will be able to do so. If we do not maintain the favorable perception of our company and our brand, our sales and results of operations could be negatively impacted. Our brand and company image is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, customers, suppliers or manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and significantly damage our business, which would have a material adverse effect on our business, financial condition, results of operations and cash flows. If we are unable to successfully design and develop new products, our business may be harmed. Solo Stove made up the majority of our total revenue in the year ended December 31, ~~2022~~ **2023** . Our future growth depends in part on our ability to expand sales of our other existing products and to introduce new and enhanced products. The success of our new and enhanced products depends on many factors, including anticipating consumer preferences, finding innovative solutions to consumer problems, differentiating our products from those of our competitors, and maintaining the strength of our brand while also expanding our brand beyond the categories of products we currently sell. The design and development of our products is costly and we typically have several products in development at the same time. If we misjudge or fail to anticipate consumer preferences or there are problems in the design or quality of our products, or delays in product introduction, our brand, business, financial condition, and results of operations could be harmed. Our ~~recent~~ **historic** growth rates may not be sustainable or indicative of future growth and we may not be able to effectively manage our growth. We have expanded our operations rapidly, especially over the last few years. The expansion of our operations was primarily due to our digital marketing strategy and by increased demand for outdoor recreation and leisure lifestyle products, as well as acquisition of additional companies. However, our historical growth rates are likely not sustainable or indicative of future growth. We believe that ~~our continued~~ revenue growth will depend upon, among other factors: • Increasing U. S. brand awareness; • Our ability to obtain adequate protections for our intellectual property; **and** • Product innovation to expand our total addressable market ~~; • Complementary acquisitions; and • International expansion~~ . We have a limited history operating our business at its current scale. As a result of our growth **to date** , our employee headcount and the scope and complexity of our business have increased substantially, and we are continuing to implement policies and procedures that we believe are appropriate for a company of our size and operating as a ~~new~~ public company. ~~In~~ **With recent changes to our management team, renewed focus has been applied to investment in** the **overall infrastructure of the business in order to support** future **growth. However** , we ~~may expand into new product categories with which we do not have any experience. We~~ may experience difficulties as we continue to implement changes to our business and related policies and procedures to keep pace with our ~~recent~~ **historical** growth and, if our operations continue to grow at a rapid pace, in managing such growth and building the appropriate processes and controls in the future. Continued growth may increase the strain on our resources, and we could experience operating difficulties, including difficulties in sourcing, logistics, recruiting, maintaining internal controls, marketing, designing innovative products, and meeting consumer needs. If we do not adapt to meet these evolving challenges, the strength of our brand may erode, the quality of our products may suffer, we may not be able to deliver products on a timely basis to our customers, and our corporate culture may be harmed. In addition, we expect **to continue** to make significant investments in our research and development and sales and marketing organizations, expand our operations and infrastructure both domestically and internationally, design and develop new products, and enhance our existing products with newly developed products and through acquisitions. If our sales do not increase at a sufficient rate to offset these increases in our operating expenses, our profitability may decline in future periods. Our business could be harmed if we are unable to accurately forecast demand for our products or our results of operations. To ensure adequate inventory supply, we forecast inventory needs and place orders with our manufacturers before we receive firm orders from our retail partners or customers and we may not be able to do so accurately. If we fail to accurately forecast demand, we may experience excess inventory levels or a shortage of product and delays in delivering to our retail partners and through our DTC channel, particularly due to uncertainty and delays related to global supply chain challenges. If we underestimate the demand for our products, our manufacturers may not be able to scale quickly enough to meet demands, and this could result in delays in the shipment of our products and our failure to satisfy demand, as well as damage to our reputation and retail partner relationships. If we overestimate the demand for our products, we could face inventory levels in excess of demand, which could result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices, which would harm our gross margins. In addition, failure to accurately predict the level of demand for our products could cause a decline in sales and harm our results of operations and financial condition. Factors that may impact our ability to forecast demand for our products include shifting consumer trends, unforeseen supply chain delays, global economic conditions, increased competition and our limited operating experience. In addition, we may not be able to accurately forecast our results of operations and growth rate. Forecasts may be particularly challenging as we expand into new markets and geographies, and develop and market new products. Our historical sales, expense levels, and profitability may not be an appropriate basis for forecasting future results in these new markets and with new products. Failure to accurately forecast our results of operations and growth rate could cause us to make incorrect operating decisions and we may not be able to adjust in a timely manner. Consequently, actual results could be materially lower than anticipated. Even if the markets in which we compete expand, we cannot assure you that our business or profitability will grow at similar rates, if at all. Our marketing strategy ~~of associating our brand and products with outdoor, group activities~~ may not be successful with existing and future customers. We believe that we have been successful in marketing our products by associating our brand and products with **indoor and** outdoor activities to be experienced with family and friends **, as well as other influencer and product- related campaigns** . To sustain long- term growth, we must not only continue to successfully promote our products to consumers who identify with or aspire to these activities, as well as to individuals who value the differentiated function, high quality, and specialized design of our products, but also promote new products with which we may not have experience and attract more customers to our existing products. If we fail to successfully market and sell our products to our existing customers or expand our customer base, our sales could decline or we may be unable to grow our business. If we fail to attract new customers in a cost- effective manner, our business may be harmed. A large part of our success depends on our ability to attract new customers in a cost- effective manner. We have made, and may continue to make, significant investments in attracting new customers through increased advertising spends on social media, influencers and brand affiliates, radio, podcasts, linear television, and targeted email communications. Marketing campaigns can be expensive and may not result in the cost- effective acquisition of customers. Further, as our brand becomes more widely known, future marketing campaigns may not attract new customers at the same rate as past campaigns and the cost of acquiring new customers may increase over time. If we are unable to attract new customers, or fail to do so in a cost- effective manner, our business may be harmed. Our growth depends, in part, on expanding into additional consumer markets, and we may not be successful in doing so. We believe that our future growth depends not only on continuing to provide our current customers with new products, but also continuing to enlarge our customer base. The growth of our business will depend, in part, on our ability to continue to expand in the United States, as well as into international markets. We are investing significant resources in these areas, and although we hope that our products will gain popularity, we may face challenges that are different from those we currently encounter, including competitive, merchandising, distribution, hiring, and other difficulties. We may also encounter difficulties in attracting customers due to a lack of consumer familiarity with or acceptance of our brand, or a resistance to paying for premium products, particularly in international markets. In addition, although we are investing in sales and marketing activities to further penetrate newer regions, including expansion of our dedicated sales force, we may not be successful. If we are not successful, our business and results of operations may be harmed. Our net sales and profits depend on the level of customer spending for our products, which is sensitive to general economic conditions and other factors. Our products are discretionary items for customers. Therefore, the success of our business depends significantly on economic factors and trends in consumer spending. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable consumer income, consumer credit availability, unemployment, inflation, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items or services. As global economic conditions continue to be volatile, and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to declines. Any of these factors could harm discretionary consumer spending, resulting in a reduction in demand for our products, decreased prices, increased costs to make sales, and harm to our business and results of operations. Moreover, consumer purchases of discretionary items, such as our products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may slow our growth more than we anticipate. A downturn in the economies in markets in which we sell our products, particularly in the United States, may materially harm our sales, profitability, and financial condition. The ~~COVID- 19 pandemic or other pandemics could adversely affect our business, sales, financial condition, results of operations and cash flows, and our ability to access current or obtain new lending facilities. The COVID- 19 pandemic continues to evolve, with pockets of resurgence and the emergence of variant strains contributing to continued uncertainty about its scope, duration, severity, trajectory, and lasting impact. COVID- 19 may continue to impact global economic conditions as well as the global supply chain. Challenges in the global supply chain continue to cause disruption and delay in various industries. These disruptions and delays have strained certain domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain products, which could cause delays in product launches and inventory challenges as discussed above. Additional outbreaks of COVID- 19, the development and spread of variants or any resurgence of existing outbreaks, and the requirements to take action to help limit the spread of the illness, could impact our ability to carry out our business as usual and may materially adversely impact global economic conditions, our business, results of operations, cash flows and financial condition. The extent of the impact of COVID- 19 on our business and financial results will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the virus that causes COVID- 19) within the markets in which we operate, the timing, distribution, rate of public acceptance and efficacy of vaccines and other treatments, the related impact on consumer confidence and spending, the effect of governmental regulations imposed in response to the pandemic and the extent to which consumers modify their behavior as social distancing and related precautions are lifted, all of which are highly uncertain and ever- changing. The sweeping nature of the COVID- 19 pandemic makes it extremely difficult to predict how our business and operations will be affected in the longer run. However, the likely overall economic impact of the pandemic could be viewed as highly negative to the general economy. Any of the foregoing factors, or other cascading effects of the COVID- 19 pandemic or its aftermath, could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree. The duration of any such impacts cannot be predicted. In addition, new pandemics may emerge in the future that could have similar negative effects on the macroeconomic conditions generally and our business, results of operations and financial condition. To the extent the COVID- 19 pandemic or its aftermath adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this " Risk Factors " section. The~~ markets in which we compete are highly competitive and we could lose our market ~~position~~ **positions** . The markets in which we compete are highly competitive, typically with low barriers to entry. The number of competing companies continues to increase. Competition in these product markets is based on a number of factors including product quality, performance, durability, availability, styling, brand image and recognition, and price. Our competitors may be able to develop and market similar products that compete with our products, sell their products for lower prices, offer their products for sale in more areas, adapt to changes in consumers' needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us. In addition, as we expand into new areas and new product categories we will continue to face, different and, in some cases, more formidable competition. Many of our competitors and potential competitors have significant competitive advantages, including learning from our experiences and taking advantage of new product popularity, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do. Some of our competitors may aggressively discount their products or offer other attractive sales terms in order to gain market share, which could result in pricing pressures, reduced profit margins, or lost market share. If we are not able to overcome these potential competitive challenges, effectively market our current and future products, and otherwise compete effectively against our current or potential competitors, our prospects, results of operations, and financial condition could be harmed. Competitors have imitated and will likely continue to imitate our products. We may not be able to adequately protect our intellectual property, and if we are unable to protect or preserve our brand image and proprietary rights, our business may be harmed. We attempt to protect our intellectual property rights, both in the United States and in foreign countries, through a combination of patent, trademark, copyright, design, and trade secret laws, as well as licensing, assignment, and confidentiality agreements with our employees, consultants, suppliers and manufacturers. While it is our policy to protect and defend our intellectual property, we cannot be sure that the actions we have taken to establish and protect our patents, trademarks and other proprietary rights will be adequate to protect us, or that any of our intellectual property will not be challenged or held invalid or unenforceable. Our success depends in large part on our brand image and, in particular, on the strength of our Solo Stove, **ISLE, Oru,** Chubbies, **TerraFlame** ~~ISLE,~~ and ~~Oru~~ **IcyBreeze** trademarks. We rely on trademark protection to protect our brands, and we have registered or applied to register many of these trademarks. While we have registered or applied to register our material trademarks in the United States and several other markets, we have not registered all of our marks in all of the jurisdictions in which we currently conduct or intend to conduct business. Further, even if we seek to register these trademarks, we cannot be sure that our trademark applications will be successful. These applications may also be challenged or opposed by third parties. In the event that our trademarks are successfully challenged and we lose the rights to use those trademarks, we could be forced to rebrand our products, requiring us to devote resources to advertising and marketing new brands. In addition, we rely on design patents, as well as registered designs, to protect our products and designs. We have also applied for, and expect to continue to apply for, utility patent and design protection relating to proprietary aspects of existing and proposed products. We cannot be sure that any of our patent or design applications will result in issued patents or registered designs, or that any patents issued as a result of our patent applications will be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Third parties may challenge the validity and enforceability of certain of our patents, including through patent office ex parte reexamination, inter partes review or post- grant proceedings. Regardless of outcome, such challenges may result in substantial legal expenses and diversion of management' s time and attention from our other business operations. In some instances, our patent claims could be substantially narrowed or declared invalid or unenforceable. Any significant adverse finding by a patent office or adverse verdict of a court as to the validity, enforceability, or scope of certain of our patents could adversely affect our competitive position and otherwise harm our business. We regard our intellectual property rights as critical to our success. We regularly monitor for infringement, and we employ third- party watch services in support of these efforts and have from time to time instituted litigation to enforce our trademarks, patents and other intellectual property, and we expect to do so in the future. Nevertheless, the steps we take to protect our proprietary rights against infringement or other violation may be inadequate and we may experience difficulty in effectively limiting the unauthorized use of our patents, trademarks, trade dress, and other intellectual property and proprietary rights worldwide. As our business continues to expand, some of our competitors have imitated, and will likely continue to imitate, our product designs and branding, which could harm our business and results of operations. In addition, our use of third-party suppliers and manufacturers presents a risk of counterfeit goods entering the marketplace. Because our products are manufactured overseas in countries where counterfeiting is more prevalent, and we intend to increase our sales overseas over the long term, we may experience increased copying of our products. Certain foreign countries do not protect intellectual property rights as fully as they are protected in the United States and, accordingly, intellectual property protection may be limited or unavailable in some foreign countries where we choose to do business. It may therefore be more difficult for us to successfully challenge the use of our intellectual property rights by other parties in these countries, which could diminish the value of our brands or products and cause our competitive position and growth to suffer. As we develop new products and seek to expand internationally, we will continue to incur greater costs in connection with securing the issuance or registration of patents, trademarks, copyrights, and other intellectual property rights. This increased intellectual property activity will also increase our costs to monitor and enforce our intellectual property rights. While we actively seek to secure and protect our intellectual property rights, there can be no assurance that we will be adequately protected in all countries in which we conduct our business or that we will prevail when defending our patent, trademark, and proprietary rights. If difficulties arise securing such rights or protracted litigation is necessary to enforce such rights, our business and financial condition could be harmed. Additionally, we could incur significant costs and management distraction in pursuing claims to enforce our intellectual property rights through litigation, and defending any alleged counterclaims. If we are unable to protect or preserve the value of our patents, trade dress, trademarks, copyrights, or other intellectual property rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged and our business may be harmed. We may be subject to liability if we infringe upon the intellectual property rights of third parties and have increased costs protecting our intellectual property rights. Third parties may sue us for alleged infringement of their intellectual property rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we could be forced to incur substantial costs and devote significant management resources to defend against such litigation, even if the claims are meritless and even if we ultimately prevail. Also third parties may make infringement claims against us that relate to technology developed or used by one of our manufacturers for which our manufacturers may or may not indemnify us. Even if we are indemnified against such costs, the indemnifying party may be unable to comply with its contractual obligations and disputes over the scope of these obligations could require additional litigation. If the party claiming infringement were to prevail, we could be forced to modify or discontinue our products, pay significant damages, or enter into expensive royalty or licensing arrangements with the prevailing party, any of which could have a material adverse effect on our business, financial condition and results of operations. Further, we cannot guarantee that a license from the prevailing party would be available on acceptable terms, or at all. We rely on third- party manufacturers and problems with, or the loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations. Our products are produced by third- party manufacturers. We face the risk that these third- party manufacturers may not produce and deliver our products on a timely basis, or at all. We have experienced, and **could** ~~will likely continue to~~ experience **in the future** , operational difficulties with our manufacturers and we may face similar or unknown operational difficulties or other risks with respect to future manufacturers, including with respect to new products. These difficulties include reductions in the availability of production capacity, errors in complying with product specifications and regulatory and customer requirements, insufficient quality control, failures to meet production deadlines, failure to achieve our product quality standards, increases in costs of manufacturing and materials, and manufacturing or other business interruptions. The ability of our manufacturers to effectively satisfy our production requirements could also be impacted by manufacturer financial difficulty or damage to their operations caused by fire, terrorist attack, riots, natural disaster, public health issues, **pandemics,** or other events. The failure of any manufacturer to perform to our expectations could result in supply shortages or delays for certain products and harm our business. If we develop new products with significantly increased or new manufacturing requirements, otherwise experience significantly increased demand, or need to replace an existing manufacturer due to lack of performance, we may be unable to supplement or replace our manufacturing capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. Additionally, we do not have long- term agreements in place with most of our third- party manufacturers, and such manufacturers could decide to stop working with us, which would require us to identify and qualify new manufacturers. For certain of our products, it may take a significant amount of time to identify and qualify a manufacturer that has the capability and resources to produce our products to our specifications in sufficient volume and satisfy our service and quality control standards. The capacity of our manufacturers to produce our products is also dependent upon the availability of raw materials at a competitive rate. Our manufacturers may not be able to obtain sufficient supply of raw materials or do so at a competitive price, which could result in delays in deliveries of our products by our manufacturers or significantly increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost- efficient, timely manner and could cause us to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and results of operations. We also depend on a limited number of third- party manufacturers for the sourcing of our products. We currently have a number of manufacturing partners located in various locations, including China, India, Vietnam, **Cambodia,** United States and Mexico. The majority of our fire pits, our highest grossing product, are currently made by ~~one~~ **a single** manufacturer in China, with additional limited production in China, India and Vietnam. We have attempted to increase manufacturing capacity and diversity by contracting with manufacturers outside of China, but new suppliers outside of China make up a small percentage of goods and may not be able to take on more production. As a result of this concentration in our supply chain, our business and operations would be negatively affected if our key manufacturer or suppliers were to experience significant disruption affecting the price, quality, availability, or timely delivery of products or were to refuse to supply us. The partial or complete loss of these manufacturers or suppliers, or a significant adverse change in our relationship with any of these manufacturers or suppliers, could result in lost sales, added costs, and distribution delays that could harm our business and customer relationships. Our business relies on cooperation of our suppliers, but not all relationships include written exclusivity agreements, which means that they could produce similar products for our competitors. If they produce similar products for our competitors, it could harm our results of operations. With all of our suppliers and manufacturers, we face the risk that they may fail to produce and deliver supplies or our products on a timely basis, or at all, or comply with our quality standards. In addition, they may decide to raise prices in the future, which would increase our costs and harm our margins. Those with whom we have executed supply contracts may still breach these agreements, and we may not be able to enforce our rights under these agreements or may incur significant costs attempting to do so. As a result, we cannot predict our ability to obtain supplies and finished products in adequate quantities, of required quality and at acceptable prices from our suppliers and manufacturers in the future. Any one of these risks could harm our ability to deliver our products on time, or at all, damage our reputation and our relationships with our retail partners and customers, and increase our product costs thereby reducing our margins. In addition, we do not have written agreements requiring exclusivity with all of our manufacturers and suppliers. As a result, they could produce similar products for our competitors, some of which could potentially purchase products in significantly greater volume. Further, while certain of our contracts stipulate contractual exclusivity against production of similar products to ours, those suppliers or manufacturers could choose to breach our agreements and work with our competitors. Our competitors could enter into restrictive or exclusive arrangements with our manufacturers or suppliers that could impair or eliminate our access to manufacturing capacity or supplies. Our manufacturers or suppliers could also be acquired by our competitors, and may become our direct competitors, thus limiting or eliminating our access to supplies or manufacturing capacity. In addition, a former supplier holds certain intellectual property in China related to certain products manufactured there. If that manufacturer attempted to revoke or block the production of those products, or began to produce those products for one or more of our competitors, it would likely result in protracted litigation and could harm our other manufacturer relationships, increase our costs, and harm our business, including potentially forcing us to manufacture certain products outside of China. Fluctuations in the cost and availability of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs. The price and availability of key components used to manufacture our products ~~has been increasing~~ **have fluctuated significantly during our limited operating history** and ~~may~~ **could** continue to ~~fluctuate significantly~~ **do so in the future** . In addition, the cost of labor at our third- party manufacturers could increase significantly. For example, manufacturers in China have experienced increased costs in recent years due to shortages of labor and fluctuations of the Chinese Yuan in relation to the U. S. dollar. Additionally, the cost of logistics and transportation fluctuates in large part due to the price of oil, and availability can be limited ~~due to~~ **as a result of** political and economic issues. Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs **has in the past, and** could **in the future,** harm our gross margins and our ability to meet customer demand. If we are unable to successfully mitigate a significant portion of these product cost increases or fluctuations, our results of operations could be harmed. Our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, societal, and political risks associated with those markets. Our products are manufactured outside of the United States, and we ~~make~~ **sell** a **small percentage** ~~limited number of sales~~ of our products outside of the United States. Our reliance on suppliers and manufacturers in foreign markets, as well as our sales in non- U. S. markets, creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and laws relating to the importation and taxation of goods; (b) weaker protection for intellectual property and other legal rights than in the United States, and practical difficulties in enforcing intellectual property and other rights outside of the United States; (c) compliance with the U. S. Foreign Corrupt Practices Act, or FCPA, the UK Bribery Act 2010, or the Bribery Act, and other applicable anti- corruption laws, which generally prohibit companies from making improper payments to government officials (or in some cases commercial counterparties) for the purpose of obtaining or retaining business or securing an improper business advantage; (d) compliance with the U. S. Office of Foreign Assets Controls, or OFAC, which prohibit transacting with persons in certain territories as well as other sanctioned persons; (e) compliance with U. S. anti- money laundering regulations; (f) economic and political instability and acts of terrorism in the countries where our suppliers are located; (g) transportation interruptions or increases in transportation costs; (h) public health crises, such as pandemics and epidemics; and (i) the imposition of tariffs on components and products that we import into the United States or other markets. **We** ~~For example, the COVID- 19 outbreak resulted in increased travel restrictions, supply chain disruptions, and extended shutdown of certain businesses around the globe. This, or a similar, public health crisis or any further political developments or health concerns in markets in which our products are manufactured could result in social, economic and labor instability, adversely affecting the supply of our products and, in turn, our business, financial condition and results of operations. Although we have policies and controls to mitigate our risks in these areas, we~~ cannot assure you that our directors, officers, employees, representatives, manufacturers, or suppliers have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our manufacturers, suppliers, or other business partners have not engaged and will not engage in conduct that could materially harm their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, the Bribery Act, OFAC restrictions, or other export control, anti- corruption, anti- money laundering, and anti- terrorism laws, or allegations of such acts, could damage our reputation and subject us to civil or criminal investigations in the United States and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and nonmonetary penalties and could cause us to incur significant legal and investigatory fees, which could harm our business, financial condition, cash flows, and results of operations. If tariffs or other restrictions are placed on foreign imports or any related counter- measures are taken by other countries, our business and results of operations could be harmed. Geopolitical uncertainties and events could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics providers, manufacturing vendors and customers. Changes in commodity prices may also cause political uncertainty and increase currency volatility that can affect economic activity. During ~~2022~~ **2023** , the majority of our products that were imported into the United States from China were subject to tariffs that were as high as 25 %. The progress and continuation of trade negotiations between the United States and China continues to be uncertain and a further escalation of the trade war remains a possibility. These tariffs have, and will continue to have, an adverse effect on our results of operations and margins. We are unable to predict the magnitude, scope or duration of the imposed tariffs or the magnitude, scope or duration from any relief in increases to such tariffs, or the potential for additional tariffs or trade barriers by the United States, China or other countries, and any strategies we may implement to mitigate the impact of such tariffs or other trade actions may not be successful. Changes in domestic social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently develop and sell products, and any negative sentiments towards the United States as a result of such changes, could also adversely affect our business. For example, if the United States government withdraws or materially modifies existing or proposed trade agreements, places greater restriction on free trade generally or imposes increases on tariffs on goods imported into the United States, particularly from China, our business, financial condition and results of operations could be adversely affected. In addition, negative sentiments towards the United States among non- U. S. customers and among non- U. S. employees or prospective employees could adversely affect sales or hiring and retention, respectively. The foreign policies of governments may be volatile, and may result in rapid changes to import and export requirements, customs classifications, tariffs, trade sanctions and embargoes or other retaliatory trade measures that may cause us to raise prices, prevent us from offering products or providing services to particular entities or markets, may cause us to make changes to our operations, or create delays and inefficiencies in our supply chain. Furthermore, if the U. S. government imposes new sanctions against certain countries or entities, such sanctions could sufficiently restrict our ability to market and sell our products and may materially adversely affect our results of operations. If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our retail partners and customers, our business and results of operations could be harmed. Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third- party manufacturers and the delivery of our products to our retail partners and customers. Our third- party manufacturers ship most of our products to our distribution centers in the United States, the largest of which is in Texas. Our large reliance on our **one** distribution center in Texas makes us ~~more~~ vulnerable to natural disasters, weather- related disruptions, accidents, system failures, public health issues, or other unforeseen events that could delay or impair our ability to fulfill retailer orders and / or ship merchandise purchased on our website, which could harm our sales. We import our products, and thus we are also vulnerable to risks associated with products manufactured abroad, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, and inspection processes or other port- of- entry limitations or restrictions in the United States. In order to meet demand for a product, we may choose in the future to arrange for additional quantities of the product, if available, to be delivered through air freight, which is significantly more expensive than standard shipping by sea and, consequently, could harm our gross margins. Failure to procure our products from our third- party manufacturers and deliver merchandise to our retail partners and DTC channels in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business. We also rely on the timely and free flow of goods through open and operational international shipping lanes and ports from our suppliers and manufacturers. Labor disputes or disruptions of shipping lanes, such as the Suez Canal blockage in 2021 or increased or continued delays at ports, our common carriers, or our suppliers or manufacturers could create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during periods of significant importing or manufacturing, potentially resulting in delayed or cancelled orders by customers, unanticipated inventory accumulation or shortages, and harm to our business, results of operations, and financial condition. In addition, we rely upon independent land- based and air freight carriers for product shipments from our distribution centers to our retail partners and customers who purchase through our DTC channel. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to retail partners or customers in a timely and cost- effective manner. Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather, public health issues, and increased transportation costs, associated with our third- party manufacturers' and carriers' ability to provide products and services to meet our requirements. In addition, if the cost of fuel rises, the cost to deliver products may rise, which could harm our profitability. We depend in part on our retail partners to display and present our products to customers, and our failure to maintain and further develop our relationships with our domestic retail partners could harm our business. The physical placement of our products at our selected retail partners plays an important part in our sales strategy. Our wholesale retail sales are also increasing. These retail partners may decide to emphasize products from our competitors, to redeploy their retail floor space to other product categories, or to take other actions that reduce their purchases and visibility of our products. We do not receive long- term purchase commitments from our retail partners, and orders received are often cancellable. Factors that could affect our ability to maintain or expand our sales to these retail partners include: (a) failure to accurately identify the needs of our customers; (b) a lack of customer acceptance of new products or product expansions; (c) unwillingness of our retail partners and customers to attribute premium value to our new or existing products or product expansions relative to competing products; (d) failure to obtain shelf space from our retail partners; (e) new, well- received product introductions by competitors; (f) damage to our relationships with retail partners; (g) delays or defaults on our retail partners' payment obligations to us; and (h) store closures, decreased foot traffic, recession or other adverse effects resulting from public health crises such as the recent COVID- 19 pandemic (or other future pandemics or epidemics). We cannot assure you that our retail partners will continue to carry our current products or carry any new products that we develop. If we lose any of our key retail partners or any key retail partner reduces its purchases of our existing or new products or its number of stores or operations or promotes products of our competitors over ours, our brand, as well as our results of operations and financial condition, could be harmed. Because we are a premium brand, our sales depend, in part, on retail partners effectively displaying our products, including providing attractive space and point of purchase displays in their stores, and training their sales personnel to sell our products. If our retail partners reduce or terminate those activities, we may experience reduced sales of our products, resulting in lower gross margins, which would harm our results of operations. In addition, any store closures, decreased foot traffic and recession may adversely affect the performance and the financial condition of many of these customers. The foregoing could have a material adverse effect on our business and financial condition. Insolvency, credit problems or other financial difficulties that could confront our retail partners could expose us to financial risk. We sell to the large majority of our retail partners on open account terms and do not require collateral or a security interest in the inventory we sell them. Consequently, our accounts receivable with our retail partners are unsecured. Insolvency, credit problems, or other financial difficulties confronting our retail partners could expose us to financial risk. These actions could expose us to risks if they are unable to pay for the products they purchase from us. Financial difficulties of our retail partners could also cause them to reduce their sales staff, use of attractive displays, number or size of stores, and the amount of floor space dedicated to our products. Any reduction in sales by, or loss of, our current retail partners or customer demand, or credit risks associated with our retail partners, could harm our business, results of operations, and financial condition. If our independent suppliers, manufacturing partners and retail partners do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations would be harmed. Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retail partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses and, in the case of retail partners, the promotion and sale of our products. While we attempt to only work with entities who agree to our Vendor Code of Conduct, we do not exercise control over our suppliers, manufacturers, and retail partners and they may not comply with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations. We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our brand, reputation, business, financial condition and results of operations. For our DTC sales, as well as for sales to certain retail partners, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, our business could be harmed. We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. In particular, we must comply with the Payment Card Industry Data Security Standard, or PCI- DSS, a set of requirements designed to ensure that all companies that process, store or transmit payment card information maintain a secure environment to protect cardholder data. We rely on vendors to handle PCI- DSS matters and to ensure PCI- DSS compliance. Should a vendor be subject to claims of non- compliance, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition and results of operations. In addition, PCI- DSS compliance may not prevent illegal or improper use of our payment systems or the theft, loss, or misuse of payment card data or transaction information. We may acquire or invest in other companies, which could divert our management' s attention, result in dilution to our stockholders, and otherwise disrupt our operations ~~and~~ **,** harm our results of operations **and negatively impact our financial condition** . We have acquired, and intend in the future to acquire or invest in, other businesses, products, or technologies that we believe could complement or expand our business, enhance our capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various costs and expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. In any future acquisitions, we may not be able to successfully integrate acquired personnel, operations, and technologies, or effectively manage the combined business following the acquisition because of unforeseen complexity or costs. We also may not achieve the anticipated benefits from either past or future acquisitions due to a number of factors, including: • risks associated with conducting due diligence; • problems integrating the purchased businesses, products or technologies; • anticipated and unanticipated costs or liabilities associated with the acquisition; • inability to achieve anticipated synergies; • issues maintaining uniform standards, procedures, controls and policies across our brands; • the diversion of management' s attention from other business concerns; • the loss of our or the acquired business' s key employees; • adverse effects on existing business relationships with suppliers, distributors, retail partners and customers; • risks associated with entering new markets in which we have limited or no experience; • increased legal, accounting and compliance costs; or • the issuance of dilutive equity securities, the incurrence of debt, or the use of cash to fund such acquisitions. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could harm our results of operations. Our future success depends on the continuing efforts of our management and key employees, and on our ability to attract and retain highly skilled personnel and senior management. We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful in attracting, integrating, and retaining the personnel required to grow and operate our business effectively. There can be no assurance that our current management team, or any new members of our management team, will be able to successfully execute our business and operating strategies. Our plans for **continuing** international ~~expansion~~ **operations** may not be successful. Continued ~~expansion into~~ **operations in** markets outside the United States is one of our key long- term strategies for the future growth of our business. ~~This expansion~~ **These continued operations** ~~requires~~ **require** significant ~~investment~~ **investments** of capital and human resources, new business processes and marketing platforms, legal compliance, and the attention of many managers and other employees who would otherwise be focused on other aspects of our business. There are significant costs and risks inherent in selling our products in international markets, including: (a) failure to effectively establish our core brand identity; (b) increased employment costs; (c) increased shipping and distribution costs, which could increase our expenses and reduce our margins; (d) potentially lower margins in some regions; (e) longer collection cycles in some regions; (f) increased competition from local providers of similar products; (g) compliance with foreign laws and regulations, including taxes and duties, laws governing the marketing and use of e- commerce websites and enhanced data privacy laws and security, rules, and regulations; (h) establishing and maintaining effective internal controls at foreign locations and the associated increased costs; (i) increased counterfeiting and the uncertainty of protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad; (j) compliance with anti- bribery, anti- corruption, sanctions and anti- money laundering laws, such as the FCPA, the Bribery Act, and OFAC regulations, by us, our employees, and our business partners; (k) currency exchange rate fluctuations and related effects on our results of operations; (l) economic weakness, including inflation, or political instability in foreign economies and markets; (m) compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad; (n) workforce uncertainty in countries where labor unrest is more common than in the United States; (o) business interruptions resulting from geopolitical actions, including war and terrorism, such as the recent war between Russia and Ukraine, or natural disasters, including earthquakes, typhoons, floods, fires, and public health issues, including the outbreak of a pandemic or contagious disease, such as COVID- 19, or xenophobia resulting therefrom; (p) the imposition of tariffs on products that we import into international markets that could make such products more expensive compared to those of our competitors; (q) that our ability to expand internationally could be impacted by the intellectual property rights of third parties that conflict with or are superior to ours; (r) difficulty developing retail relationships; and (s) other costs and risks of doing business internationally. These and other factors could harm our international operations and, consequently, harm our business, results of operations, and financial condition. Further, we may incur significant operating expenses as a result of our planned **continued** international ~~expansion~~ **operations** , and ~~it~~ **they** may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to **further** penetrate or **continue to** successfully operate in **these** new markets. We may also encounter difficulty ~~expanding into~~ **continuing operations in** international markets because of limited brand recognition, leading to delayed or limited acceptance of our products by customers in these markets, and increased marketing and customer acquisition costs **to continue** to establish our brand. Accordingly, if we are unable to successfully ~~expand~~ **continue to operate** internationally or manage the complexity of our global operations, we may not achieve the expected benefits of ~~this expansion~~ **these operations** and our financial condition and results of operations could be harmed. Our business involves the potential for injury, property damage, quality problems, product recalls, product liability and other claims against us, which could affect our earnings and financial condition. Our Solo Stove products are designed to involve fire. If not properly handled, the fire our products involve poses significant danger for a number of reasons, including the possibility of burns, death, and significant property damage, including as a result of wildfires. As a result of fire or otherwise, if our Solo Stove or other products are defective or misused or if users of our products exercise impaired or otherwise poor judgment in the use of our products, the results could include personal injury to our customers or other third parties, death and significant property damage or destruction, and we could be exposed to significant liability and reputational damage. As a manufacturer and distributor of consumer products, we are subject to the U. S. Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the U. S. Consumer Products Safety Commission to exclude from the market products that are found to be unsafe or hazardous, and similar laws under foreign jurisdictions. Under certain circumstances, the Consumer Products Safety Commission or a comparable foreign agency could require us to repurchase or recall one or more of our products. Additionally, other laws and agencies regulate certain consumer products we sell in the United States and abroad, and more restrictive laws and regulations may be adopted in the future. Real or perceived quality problems or material defects in our current and future products could also expose us to credit, warranty or other claims. Although we currently have insurance in place, we also face exposure to product liability claims in the event that one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects, and class action lawsuits related to the performance, safety or advertising of our products. Any such quality issues or defects, product safety concerns, voluntary or involuntary product recall, government investigation, regulatory action, product liability or other claim or class action lawsuit may result in significant adverse publicity and damage our reputation and competitive position. In addition, real or perceived quality issues, safety concerns or defects could result in a greater number of product returns than expected from customers and our retail partners, and if we are required to remove, or voluntarily remove, one of our products from the market, we may have large quantities of finished products that we cannot sell. In the event of any governmental investigations, regulatory actions, product liability claims or class action lawsuits, we could face substantial monetary judgments or fines and penalties, or injunctions related to the sale of our products. Although we maintain product liability insurance in amounts that we believe are reasonable, that insurance is, in most cases, subject to large policy premiums for which we are responsible. In addition, we may not be able to maintain such insurance on acceptable terms, if at all, in the future and product liability claims may exceed the amount of insurance coverage. We maintain a limited amount of product recall insurance and may not have adequate insurance coverage for claims asserted in class action lawsuits. As a result, product recalls, product liability claims and other product- related claims could have a material adverse effect on our business, results of operations and financial condition. We devote substantial resources to compliance with governmental and other applicable standards. However, compliance with these standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. As a result, these types of claims could have a material adverse effect on our business, results of operations and financial condition. Our collection, use, storage, disclosure, transfer and other processing of personal information could give rise to significant costs and liabilities, including as a result of governmental regulation, uncertain or inconsistent interpretation and enforcement of legal requirements or differing views of personal privacy rights, which may have a material adverse effect on our reputation, business, financial condition and results of operations. We collect, store, process, transmit and use personal data that is sensitive to the Company and its employees, customers and suppliers. A variety of state, federal, and foreign laws, regulations and industry standards apply to the collection, use, retention, protection, disclosure, transfer and other processing of certain types of data, including the California Consumer Privacy Act (the " CCPA "), as amended by the California Privacy Rights Act, the " CPRA "), Canada' s Personal Information Protection and Electronic Documents Act, the General Data Protection Regulation, or GDPR, the UK General Data Protection Regulation, or UK GDPR, and the UK Data Protection Act 2018, or the UK DPA. As we seek to expand our business, we are, and may increasingly become subject to various laws, regulations and standards, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. These laws, regulations and standards are continuously evolving and may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our reputation, business, financial condition and results of operations. U. S. Privacy Laws Domestic privacy and data security laws are complex and changing rapidly. Within the United States, many states are considering adopting, or have already adopted, privacy regulations. Such regulations include the CCPA, which came into effect ~~in~~ **on January 1,** 2020. The CCPA ~~increases~~ -- **creates certain** privacy rights for California consumers and imposes obligations on companies that process their personal information. Among other things, the CCPA gives California consumers expanded rights related to their personal information, including the right to access and delete their personal information ~~,~~ **and** receive detailed information about how their personal information is used and shared. The CCPA also provides California consumers the right to opt- out of certain sales and sharing of personal information. The CCPA prohibits discrimination against individuals who exercise their privacy rights, and provides for civil penalties for violations enforceable by the California Attorney General as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action has increased the likelihood of, and risks associated with, data breach litigation. Additionally, in November 2020, California passed the California Privacy Rights Act (the " CPRA "), which amended the CCPA significantly, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. Many of the CPRA' s provisions became effective on January 1, 2023. In addition, **similar laws have been** ~~Virginia, Colorado, Utah and Connecticut recently~~ passed ~~comprehensive privacy laws that take effect~~ in ~~2023~~ **other states,** and **are continuing** ~~will impose obligations similar~~ to ~~or~~ **be proposed at the state and federal level, reflecting a trend toward** more stringent ~~than those we may face under other data~~ privacy ~~and security laws~~ **legislation in the United States** . Together, these laws will add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data, and could result in increased compliance costs and / or changes in business practices and policies. Our communications with our customers are subject to certain laws and regulations, including the Controlling the Assault of Non- Solicited Pornography and Marketing, or CAN-SPAM, Act of 2003, the Telephone Consumer Protection Act of 1991, or TCPA, and the Telemarketing Sales Rule and analogous state laws, that could expose us to significant damages awards, fines and other penalties that could materially impact our business. For example, the TCPA imposes various consumer consent requirements and other restrictions in connection with certain telemarketing activity and other communication with consumers by phone, fax or text message. The CAN- SPAM Act and the Telemarketing Sales Rule and analogous state laws also impose various restrictions on marketing conducted use of email, telephone, fax or text message. As laws and regulations, including **the Federal Trade Commission, or** FTC **,** enforcement, rapidly evolve to govern the use of these communications and marketing platforms, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations could adversely impact our business, financial condition and results of operations or subject us to fines or other penalties. In addition, some laws may require us to notify governmental authorities and / or affected individuals of data breaches involving certain personal information or other unauthorized or inadvertent access to or disclosure of such information. We may need to notify governmental authorities and affected individuals with respect to such incidents. For example, laws in all 50 U. S. states may require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach may be difficult and costly. We also may be contractually required to notify consumers or other counterparties of a security breach. Regardless of our contractual protections, any actual or perceived security breach or breach of our contractual obligations could harm our reputation and brand, expose us to potential liability or require us to expend significant resources on data security and in responding to any such actual or perceived breach. Non- U. S. Privacy Laws In Canada, the Personal Information Protection and Electronic Documents Act, or PIPEDA, and various provincial laws require that companies give detailed privacy notices to consumers, obtain consent to use personal information, with limited exceptions, allow individuals to access and correct their personal information, and report certain data breaches. In addition, Canada' s Anti- Spam Legislation, or CASL, prohibits email marketing without the recipient' s consent, with limited exceptions. Failure to comply with PIPEDA, CASL, or provincial privacy or data protection laws could result in significant fines and penalties or possible damage awards. In the European Economic Area (the **“** EEA **”**), we are subject to the GDPR and in the United Kingdom, or UK, we are subject to the UK data protection regime consisting primarily of the UK GDPR and the UK DPA, in each case in relation to our collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual (**“** personal data **”**). The GDPR and national implementing legislation in EEA member states, and the UK regime, impose a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data processing activities; granting rights for data subjects in regard to their personal data (including data access rights, the right to be " forgotten " and the right to data portability); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining pseudonymized (i. e., key- coded) data; imposing limitations on retention of personal data; maintaining a record of data processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. The GDPR and the UK GDPR imposes substantial fines for breaches and violations (up to the greater of € 20 million (or £ 17. 5 million) or 4 % of global annual turnover). In addition to the foregoing, a breach of the GDPR or UK GDPR could result in regulatory investigations, reputational damage, orders to cease / change our processing of our data, enforcement notices, and / or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm **. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business** . Third Party Data Processing and Transfers We depend on a number of third parties in relation to the operation of our business, a number of which process personal data on our behalf. With each such provider we attempt to mitigate the associated risks of using third parties by performing security assessments and due diligence, entering into contractual arrangements to ensure that providers only process personal data according to our instructions, and that they have sufficient technical and organizational security measures in place. There is no assurance that these contractual measures and our own privacy and security- related safeguards will protect us from the risks associated with the third- party processing, storage and transmission of such information. Any violation of data or security laws by our third party processors could have a material adverse effect on our business and result in the fines and penalties outlined below. We are also subject to the European Union, or EU, and UK rules with respect to cross- border transfers of personal data from the EEA and the UK to the United States and other jurisdictions that the European Commission / UK competent authorities do not recognize as having " adequate " data protection laws unless a data transfer mechanism has been put in place **,** ~~. Recent legal developments in Europe have created complexity~~ and ~~uncertainty regarding~~ **the efficacy and longevity of current** ~~transfers~~ - **transfer mechanisms between** ~~of personal data from~~ the EEA and ~~the UK to~~ the United States **remains uncertain** . **Case law from** ~~Most recently, in July 2020,~~ the Court of Justice of the ~~EU, or~~ **European Union ("** CJEU **")** ~~, limited how organizations could lawfully transfer personal data from the EEA to the United States~~ **states that reliance** ~~by invalidating the EU- US Privacy Shield Framework for purposes of international transfers and imposing further restrictions~~ on ~~use of~~ the standard contractual clauses **-** ~~, or SCCs. These restrictions include~~ a ~~requirement~~ **standard** ~~for~~ **form of contract approved by** ~~companies to carry out a transfer impact assessment which, among other~~ -- **the European Commission as an adequate** ~~things, assesses the laws governing access to~~ personal data **transfer mechanism- alone may not necessarily be sufficient** in **all circumstances** ~~the recipient country~~ and ~~considers whether supplementary measures~~ that **transfers must** ~~provide privacy protections additional to those provided under SCCs will need to~~ be **assessed on a case- by- case basis** ~~implemented to ensure an essentially equivalent level of data protection to that afforded in the EEA~~ . ~~In March~~ **On October 7,** 2022, ~~the US and EU announced a new regulatory regime intended to replace the invalidated regulations; however, this new EU- US Data Privacy Framework has not been implemented beyond an executive order signed by~~ President Biden **signed an Executive order** ~~on October 7, 2022~~ on Enhancing Safeguards for United States Signals Intelligence Activities ~~. European court~~ **which introduced new redress mechanisms** and **binding safeguards** ~~regulatory decisions subsequent~~ to **address the concerns raised by** the CJEU **in relation** ~~decision of July 16, 2020 have taken a restrictive approach~~ to ~~international~~ data transfers **from the EEA to the United States and which formed the basis of the new EU- US Data Privacy Framework (" DPF "), as released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering the DPF effective as a GDPR transfer mechanism to U. S. entities self- certified under the DPF. The DPF also introduced a new redress mechanism for EU citizens which addresses a key concern in the previous CJEU judgments and may mean transfers under standard contractual clauses are less likely to be challenged in**

the future. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U. S. entities self- certified under the UK Extension to the DPF. We rely on the standard contractual clauses, the UK Addendum to the EU standard contractual clauses, the UK International Data Transfer Agreement, and the DPF, as relevant, to transfer personal data outside the EEA and the UK, including to the United States, with respect to third party transfers. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators . As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and / or start taking enforcement action, we could suffer additional costs, complaints and / or regulatory investigations or fines, and / or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. Self- Regulatory Industry Standards In addition to government regulation, privacy advocates and industry groups have proposed, and may propose in the future, self- regulatory standards. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. If we fail to comply with these contractual obligations or standards, we may face substantial liability or fines. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security in the United States and other jurisdictions in which we operate. We cannot yet determine the impact such future laws, regulations and standards may have on our business or operations. Consumer Protection Laws and FTC Enforcement We make public statements about our use and disclosure of personal information through our privacy policies that are posted on our websites. The publication of our privacy policies and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, the FTC expects a company' s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Our failure to take any steps perceived by the FTC as appropriate to protect consumers' personal information may result in claims by the FTC that we have engaged in unfair or deceptive acts or practices in violation of Section 5 (a) of the FTC Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices for alleged privacy, data protection and data security violations. We rely on a variety of marketing techniques and practices to sell our products and to attract new customers and consumers, and we are subject to various current and future data protection laws and obligations that govern marketing and advertising practices. Governmental authorities continue to evaluate the privacy implications inherent in the use of third- party " cookies " and other methods of online tracking for behavioral advertising and other purposes, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. In particular, we are subject to evolving EU and UK privacy laws on cookies and e- marketing. In the EU and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and informed consent is required for the placement of ~~a~~ **certain** ~~cookie~~ **cookies** or similar technologies on a user' s device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre- checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. Further, ~~a~~ recent European court **and** ~~decision, regulators~~ - **regulator** ~~' recent~~ **decisions and** guidance and recent campaigns by a not for profit organization are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Additionally, some providers of consumer devices, web browsers and application stores have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, require additional consents, or limit the ability to track user activity, which could if widely adopted result in the use of third- party cookies and other methods of online tracking becoming significantly less effective. **Private parties are also seeking to limit the ability to monitor and market customer behavior. Those increased limitations may also impact marketing techniques and effectiveness.** We rely significantly on the use of information technology, as well as those of our third party service providers. Any significant failure, inadequacy, interruption or data security incident of our information technology systems, or those of our third- party service providers, could disrupt our business operations, which could have a material adverse effect on our business, prospects, results of operations, financial condition and / or cash flows. Information Technology Dependencies We increasingly rely on information technology systems to market and sell our products, process, transmit and store electronic and financial information, manage a variety of business processes and activities and comply with regulatory, legal and tax requirements. We are increasingly dependent on the reliability and capacity of a variety of information systems to effectively manage our business, process customer orders, and coordinate the manufacturing, sourcing, distribution and sale of our products. We rely on information technology systems to effectively manage, among other things, our digital marketing activities, business data, electronic communications among our personnel, customers, manufacturers and suppliers around the world, supply chain, inventory management, customer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, compliance with regulatory, legal and tax requirements and other processes and data necessary to manage our business. These information technology systems, most of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Any material disruption of our systems, or the systems of our third- party service providers, could disrupt our ability to track, record and analyze the products that we sell and could negatively impact our operations, shipment of goods, ability to process financial information and transactions, and our ability to receive and process online orders or engage in normal business activities. If our information technology systems suffer damage, disruption or shutdown and we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results. E- commerce is central to our business. We generate a majority of our sales through our websites, which is also a key component of our marketing strategy. We supplement our websites through relationships with select third- party e- commerce marketplaces, such as Amazon. As we do not control our third- party service providers, we cannot guarantee that they will respond satisfactorily to website downtime and other technical failures. Our or such third parties' failure to successfully respond to these risks could reduce e- commerce sales and, in the case of our website, damage our brand' s reputation. The future operation, success and growth of our business depends on streamlined processes made available through information systems, global communications, internet activity and other network processes. Our information technology systems **, and those of our third- party service providers, strategic partners, and other contractors or consultants,** may be subject to damage or interruption from telecommunications problems, data corruption, software errors, fire, flood, global pandemics and natural disasters, power outages, systems disruptions, system conversions, and / or human error. Our existing safety systems, data backup, access protection, user management and information technology emergency planning may not be sufficient to prevent data loss or long- term network outages. In addition, we may have to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support the increasing needs of our expanding business. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations, including through impairment of our ability to leverage our e- commerce channels and fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and have a material adverse effect on our business, financial condition and results of operations. Further, as part of our normal business activities, we collect and store certain confidential information, including personal information with respect to customers and employees, as well as information related to intellectual property, and the success of our e- commerce operations depends on the secure transmission of confidential and personal data over public networks, including the use of cashless payments. We may share some of this information with third party service providers who assist us with certain aspects of our business. Any failure on the part of us or our third party service providers to maintain the security of this confidential data and personal information, including via the penetration of our network security (or those of our third party service providers) and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation, any or all of which could result in the Company incurring potentially substantial costs. Such events could also result in the deterioration of confidence in the Company by employees, consumers and customers and cause other competitive disadvantages. Security Incidents Security incidents compromising the confidentiality, integrity, and availability of our confidential or personal information and our third- party service providers' information technology systems could result from cyber- attacks, computer malware, viruses, social engineering (including spear phishing and ransomware attacks), credential stuffing, supply chain attacks, efforts by individuals or groups of hackers and sophisticated organizations, including state- sponsored organizations, errors or malfeasance of our personnel, and security vulnerabilities in the software or systems on which we and our third party service providers rely. Any of these incidents could lead to interruptions or shutdowns of our platform, loss or corruption of data, or unauthorized access to or disclosure of personal data or other sensitive information. Cyberattacks could also result in the theft of our intellectual property. If we gain greater visibility, we may face a higher risk of being targeted by cyberattacks. Advances in computer capabilities, new technological discoveries or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect. We and our third- party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third- party service providers. Security breaches can also occur as a result of non- technical issues, including intentional or inadvertent actions by our employees, our third- party service providers, or their personnel. Moreover, we and our third- party service providers may be more vulnerable to such attacks in remote work environments. As techniques used by cyber criminals change frequently, a disruption, cyberattack or other security breach of our information technology systems or infrastructure, or those of our third- party service providers, may go undetected for an extended period and could result in the theft, transfer, unauthorized access to, disclosure, modification, misuse, loss or destruction of our employee, representative, customer, vendor, consumer and / or other third- party data, including sensitive or confidential data, personal information and / or intellectual property. We cannot guarantee that our security efforts will prevent breaches or breakdowns of the Company' s or its third- party service providers' information technology systems. In addition, our information systems are a target of cyberattacks ~~and~~ although the incidents that we have experienced to date have not had a material effect. If we or our third party service providers suffer, or are believed to have suffered, a material loss or disclosure of personal or confidential information as a result of an actual or potential breach of our information technology systems, we may suffer reputational, competitive and / or business harm, incur significant costs and be subject to government investigations, litigation, fines and / or damages, which could have a material adverse effect on our business, prospects, results of operations, financial condition and / or cash flows. Moreover, while we maintain cyber insurance that may help provide coverage for these types of incidents, we cannot assure you that our insurance will be adequate to cover costs and liabilities related to these incidents. In addition, any such access, disclosure or other loss or unauthorized use of information or data, whether actual or perceived, could result in legal claims or proceedings, regulatory investigations or actions, and other types of liability under laws that protect the privacy and security of personal information, including federal, state and foreign data protection and privacy regulations, violations of which could result in significant penalties and fines in the United States, Canada, EU and UK. **Further, the costs associated with the investigation, remediation and potential notification of the breach to counter-parties and data subjects could be material.** In addition, although we seek to detect and investigate all data security incidents, security breaches and other incidents of unauthorized access to our information technology systems and data can be difficult to detect and ~~any~~ **even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. Any** delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above. Our business may be adversely affected if we are unable to provide our customers a cost- effective platform that is 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 the past few years. The smaller screen size, functionality, and memory associated with some alternative devices may make the use of our sites and purchasing our products more difficult. The versions of our sites developed for these devices may not be compelling to consumers. In addition, it is time consuming and costly to keep pace with rapidly changing and continuously evolving technology. In ~~2022~~ **2023** , the majority of orders were placed from a mobile device. However, we cannot be certain that our mobile applications or our mobile- optimized sites will be successful in the future. As existing mobile devices and platforms evolve and new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in adjusting and developing applications for changed and alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such applications. If we are unable to attract consumers to our websites through these devices or are slow to develop a version of our websites that is more compatible with alternative devices or a mobile application, we may fail to capture a significant share of consumers, which could materially and adversely affect our business. Government regulation of the Internet and e- commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and results of operations. We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and e- commerce. Existing and future regulations and laws could impede the growth of the Internet, e- commerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy, data protection, data security, anti- spam, content protection, electronic contracts and communications, consumer protection, website accessibility, Internet neutrality and gift cards. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as many of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e- commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non- compliance with any such laws or regulations. In addition, it is possible that governments of one or more countries or territories may seek to censor content available on our sites or may even attempt to completely block access to our sites. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries or territories, our ability to retain or increase our customer base may be adversely affected, and we may not be able to maintain or grow our net sales and expand our business as anticipated. We depend on cash generated from our operations to support our growth, and we may need to raise additional capital, which may not be available on terms acceptable to us or at all. We primarily rely on cash flow generated from our sales to fund our current operations and our growth initiatives. As we expand our business, we will need significant cash from operations to purchase inventory, increase our product development, expand our manufacturer and supplier relationships, pay personnel, pay for the increased costs associated with operating as a public company, including acquisitions, expand internationally, and to further invest in our sales and marketing efforts. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future revolving credit facility, we may need additional equity or debt financing. If such financing is not available to us on satisfactory terms, our ability to operate and expand our business or to respond to competitive pressures would be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, your ownership may be diluted. Any indebtedness we incur may subject us to covenants that restrict our operations and will require interest and principal payments that would create additional cash demands and financial risk for us. Our indebtedness may limit our ability to invest in the ongoing needs of our business and if we are unable to comply with the covenants in our current Revolving Credit Facility, our liquidity and results of operations could be harmed. On May 12, 2021, we entered into a Credit Agreement among Solo Brands, LLC, Solo Stove Intermediate, LLC, JPMorgan Chase Bank, N. A., and the Lenders and L / C Issuers party thereto (as subsequently amended on June 2, 2021 and September 1, 2021, the " Revolving Credit Facility "). As of December 31, ~~2022~~ **2023** we had $ ~~20~~ **60** . 0 million outstanding under the Revolving Credit Facility. The Revolving Credit Facility is jointly and severally guaranteed by Solo Stove Intermediate, LLC and any future subsidiaries that execute a joinder to the guaranty and related collateral agreements, or the Guarantors. The Revolving Credit Facility is also secured by a first priority lien on substantially all of our assets and the assets of the Guarantors, in each case subject to certain customary exceptions. We may, from time to time, incur additional indebtedness under the Revolving Credit Facility. The Revolving Credit Facility places certain conditions on us, including that it: • requires us to utilize a portion of our cash flow from operations and dispositions of assets to make payments on our indebtedness, reducing the availability of our cash flow to fund working capital, capital expenditures, development activity, return capital to our stockholders, and other general corporate purposes; • increases our vulnerability to adverse economic or industry conditions; • limits our flexibility in planning for, or reacting to, changes in our business or markets; • makes us more vulnerable to increases in interest rates, as borrowings under the Revolving Credit Facility bear interest at variable rates; • limits our ability to obtain additional financing in the future for working capital or other purposes; and • could place us at a competitive disadvantage compared to our competitors that have less indebtedness. The Revolving Credit Facility places certain limitations on our ability to incur additional indebtedness. However, subject to the qualifications and exceptions in the Revolving Credit Facility, we may incur substantial additional indebtedness under that facility. The Revolving Credit Facility also places certain limitations on our ability to enter into certain types of transactions, financing arrangements and investments, to make certain changes to our capital structure, and to guarantee certain indebtedness, among other things. The Revolving Credit Facility also places certain restrictions on the payment of dividends and distributions and certain management fees. These restrictions limit or prohibit, among other things, and in each case, subject to certain customary exceptions, our ability to: (a) pay dividends on, redeem or repurchase our stock, or make other distributions; (b) incur or guarantee additional indebtedness; (c) sell stock in our subsidiaries; (d) create or incur liens; (e) make acquisitions or investments; (f) transfer or sell certain assets or merge or consolidate with or into other companies; (g) make certain payments or prepayments of indebtedness subordinated to our obligations under the Revolving Credit Facility; and (h) enter into certain transactions with our affiliates. The Revolving Credit Facility requires us to comply with certain covenants, including financial covenants regarding our Total Net Leverage Ratio and Interest Coverage Ratio. Fluctuations in a Total First Lien Net Leverage Ratio may increase our interest expense. Failure to comply with these covenants, failure to make payment when due, certain other provisions of the Revolving Credit Facility, or the occurrence of a change of control, could result in an event of default and an acceleration of our obligations under the Revolving Credit Facility or other indebtedness that we may incur in the future. If such an event of default and acceleration of our obligations occurs, the lenders under the Revolving Credit Facility would have the right to foreclose against the collateral we granted to them to secure such indebtedness, which consists of substantially all of our assets. If the debt under the Revolving Credit Facility were to be accelerated, we may not have sufficient cash or be able to sell sufficient collateral to repay this debt, which would immediately and materially harm our business, results of operations, and financial condition. The threat of our debt being accelerated in connection with a change of control could make it more difficult for us to attract potential buyers or to consummate a change of control transaction that would otherwise be beneficial to our stockholders. ~~We have,~~ **Failure to establish and maintain effective internal controls** in **accordance with Section 404 of** the ~~past, identified~~ **Sarbanes- Oxley Act could adversely affect our business and stock price. As** a ~~material weakness~~ **public company, we are required to comply with the SEC' s rules implementing Sections 302 and 404 of the Sarbanes- Oxley Act, which require management to certify financial and other information** in **our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of** our internal control over financial reporting **pursuant** ~~. Any failure~~ to **Section 404 (b) until the date we are no longer** ~~maintain effective internal control over financial reporting could harm us. Our management is responsible for establishing and~~ - **an emerging growth company** ~~maintaining adequate internal control over financial reporting~~ . ~~Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. In accordance with the provisions of the JOBS Act~~ - **At such time** , our independent registered public accounting firm ~~was~~ **may issue a report that is adverse in the event it is** not **satisfied with** ~~required to, nor did they~~ - **the level at which our controls are documented** , **designed** ~~provide attestation to our~~ - **or operating. To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new** internal ~~control~~ **controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management' s attention from other matters that are important to the operation of our business. Additionally, in the past, when evaluating our internal controls** over financial reporting ~~in accordance with Section 404 (b) of the Sarbanes- Oxley Act. However~~ , we ~~were required to perform~~ **have identified a material weakness. If we identify** ~~an~~ **any** ~~evaluation of~~ **additional material weaknesses in** our internal ~~control~~ **controls** over financial reporting **or are unable to comply** ~~as of December 31, 2022 in accordance~~ with the ~~provisions~~ **requirements** of Section 404 ~~(~~ **in** a **timely manner or assert** ~~) of the Sarbanes- Oxley Act. Accordingly, we have concluded at the reasonable assurance level~~ that ~~we have not identified material weaknesses in~~ our internal ~~control~~ **controls** over financial reporting ~~. However~~ **is effective** , ~~we cannot provide absolute certainty that material weaknesses do not still exist. Additional material weaknesses or significant deficiencies may be identified in the future. If we identify such issues~~ or if **our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting once** we are **no longer** ~~unable to produce accurate and~~ - **an** ~~timely~~ **emerging growth company, investors may lose confidence in the accuracy and completeness of our** financial ~~statements,~~ **reports and the market price of** our **Class A common** stock ~~price may decline~~ **could be adversely affected,** and we ~~may be unable~~ **could become subject** to ~~maintain compliance with~~ **investigations by the stock exchange on**

which our securities are listed, the SEC or ~~the~~ **other** ~~NYSE listing standards~~ **regulatory authorities, which could require additional financial and management resources** . Our results of operations are subject to seasonal and quarterly variations, which could cause the price of our common stock to decline. We believe that our sales include a seasonal component. Historically, our net sales have been highest in our second and fourth quarters, with the first quarter typically generating the lowest sales. This historical sales trend is supported by the demand for our products at the beginning of the summer and holiday shopping seasons. However, fluctuations in our quarterly operating results and the price of our common stock may be particularly pronounced in the current economic environment. Our annual and quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of the introduction of and advertising for our new products and those of our competitors and changes in our product mix. Variations in weather conditions may also harm our quarterly results of operations. In addition, we may not be able to adjust our spending in a timely manner to compensate for any unexpected shortfall in our sales. As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our results of operations between different quarters within a single fiscal year, or the same quarters of different fiscal years, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. In the event that any seasonal or quarterly fluctuations in our net sales and results of operations result in our failure to meet our forecasts or the forecasts of the research analysts that may cover us in the future, the market price of our common stock could fluctuate or decline. If our goodwill, other intangible assets, or fixed assets become impaired, we may be required to record a charge to our earnings. We **have in the past and** may be required to record future impairments of goodwill, other intangible assets, or fixed assets to the extent the fair value of these assets falls below their book value. Our estimates of fair value are based on assumptions regarding future cash flows, gross margins, expenses, discount rates applied to these cash flows, and current market estimates of value. Estimates used for future sales growth rates, gross profit performance, and other assumptions used to estimate fair value could cause us to record material non- cash impairment charges, which could harm our results of operations and financial condition. We are subject to credit risk. We are exposed to credit risk primarily on our accounts receivable. We provide credit to our retail partners in the ordinary course of our business. While we believe that our exposure to concentrations of credit risk with respect to trade receivables is mitigated by limiting our retail partners to well-known businesses, we nevertheless run the risk of our retail partners not being able to meet their payment obligations, particularly in a future economic downturn. If a material number of our retail partners are not able to meet their payment obligations, our results of operations could be harmed **. An adverse determination in any material product liability related claim against us could adversely affect our operating results or financial condition. The use of our products by consumers, exposes us to risks associated with product liability claims. If our products are defective or used incorrectly by our customers, bodily injury, property damage or other injury, including death, may result in, and could give rise to product liability claims against us, which could adversely affect our brands' image or reputation. We have encountered product liability claims in the past and carry product liability insurance to help protect us against the costs of such claims, although our insurance may not be sufficient to cover all losses. Any losses that we may suffer from product liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may have a negative impact on our business, financial condition or results of operations. Our business depends substantially on our ability to attract and retain experienced and qualified talent, including our senior management team. We are dependent upon the contributions, talent and leadership of our senior management team. We do not have a" key person" life insurance policy on our CEO or any other key employees. We believe that our senior management team is key to establishing our focus and executing our corporate strategies as they have extensive knowledge of our systems and processes. Given our senior management team' s knowledge of our industry and the limited number of direct competitors in the industry, we believe that it could be difficult to find replacements should any of the members of our senior management team leave. We could also be adversely affected if we fail to attract and retain talent throughout our organization. For instance, we rely on skilled and well- trained engineers for the research, development and design of our products and marketing personnel for our overall brand and individual brands growth. Competition for such individuals is intense, particularly in Texas and California where several of our brands are headquartered. Our inability to attract or retain qualified employees in our research, development and design and marketing functions or elsewhere in our Company could result in diminished quality of our products and delinquent production schedules, impede our ability to develop new products and prevent us from growing our brand, in aggregate and individually. Our failure to adequately address any of these issues could have a material adverse effect on our business, operating results and financial condition** . Risks Related to Our Organizational Structure and the Tax Receivable Agreement Solo Brands, Inc.' s sole material asset is its interest in Holdings, and, accordingly, it will depend on distributions from Holdings to pay its taxes and expenses, including payments under the Tax Receivable Agreement. Holdings' ability to make such distributions may be subject to various limitations and restrictions. Solo Brands, Inc. is a holding company and has no material assets other than its ownership in Holdings. As such, Solo Brands, Inc. has no independent means of generating revenue or cash flow, and its ability to pay taxes and operating expenses or declare and pay dividends in the future, if any, is dependent upon the financial results and cash flows of Holdings and its subsidiaries, and distributions Solo Brands, Inc. receives from Holdings. There can be no assurance that Holdings and its subsidiaries will generate sufficient cash flow to distribute funds to Solo Brands, Inc., or that applicable state law and contractual restrictions, including negative covenants in any debt agreements of Holdings or its subsidiaries (including the Revolving Credit Facility), will permit such distributions. The terms of Holdings' or its subsidiaries' current and future debt instruments or other agreements may restrict the ability of Holdings to make distributions to Solo Brands, Inc. or of Holdings' subsidiaries to make distributions to Holdings. Holdings is treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity- level U. S. federal income tax. Instead, taxable income will be allocated to holders of LLC Interests, including Solo Brands, Inc. Accordingly, Solo Brands, Inc. will incur income taxes on its allocable share of any net taxable income of Holdings. Under the terms of the Holdings LLC Agreement, Holdings will be obligated, subject to various limitations and restrictions, including with respect to any debt agreements (including the Revolving Credit Facility), to make tax distributions to holders of LLC Interests, including Solo Brands, Inc. In addition to tax expenses, Solo Brands, Inc. will also incur expenses related to its operations, including payments under the Tax Receivable Agreement, which could be substantial. Solo Brands, Inc. intends, as its sole manager, to cause Holdings to make cash distributions to the owners of LLC Interests in an amount sufficient to (i) fund all or part of such owners' tax obligations in respect of taxable income allocated to such owners and (ii) cover Solo Brands, Inc.' s operating expenses, including payments under the Tax Receivable Agreement. However, Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions under contracts or agreements to which Holdings is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Holdings insolvent. Further, under certain circumstances, the existing covenants under the Revolving Credit Facility regarding tax distributions may not permit Holdings or its subsidiaries to make the full amount of tax distributions contemplated under the Holdings LLC Agreement unless another exception to such covenants is available; and there can be no assurance that any such other exception will be available. If Solo Brands, Inc. does not have sufficient funds to pay tax or other liabilities or to fund its operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. To the extent that Solo Brands, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Solo Brands, Inc.' s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 60 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) Holdings is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) Holdings does not have, and despite using commercially reasonable efforts cannot obtain, sufficient funds to make such payment. In addition, if Holdings does not have sufficient funds to make distributions, its ability to declare and pay cash dividends will also be restricted or impaired. Under the Holdings LLC Agreement, Holdings will, from time to time, make distributions in cash to its equity holders (including Solo Brands, Inc.) pro rata, in amounts at least sufficient to cover the taxes on their allocable share of taxable income of Holdings (subject to the limitations and restrictions described above, including under the Revolving Credit Facility). As a result of (i) potential differences in the amount of net taxable income allocable to Solo Brands, Inc. and to Holdings' other equity holders, (ii) the lower tax rates currently applicable to corporations as opposed to individuals, and (iii) the favorable tax benefits that Solo Brands, Inc. anticipates from any purchase of LLC Interests from the Continuing LLC Owners in connection with the Transactions and future redemptions or exchanges of LLC Interests by the Continuing LLC Owners for Solo Brands, Inc. Class A common stock or cash pursuant to the Holdings LLC Agreement, tax distributions payable to Solo Brands, Inc. may be in amounts that exceed its actual tax liabilities with respect to the relevant taxable year, including its obligations under the Tax Receivable Agreement. Solo Brands, Inc.' s board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of other expenses or dividends on Solo Brands, Inc.' s stock, although Solo Brands, Inc. will have no obligation to distribute such cash (or other available cash) to its stockholders. Except as otherwise determined by Solo Brands, Inc. as the sole manager of Holdings, no adjustments to the exchange ratio for LLC Interests and corresponding shares of Solo Brands, Inc. Class A common stock will be made as a result of any cash distribution by Solo Brands, Inc. or any retention of cash by Solo Brands, Inc. To the extent Solo Brands, Inc. does not distribute such excess cash as dividends on its Solo Brands, Inc. Class A common stock, it may take other actions with respect to such excess cash — for example, holding such excess cash or lending it (or a portion thereof) to Holdings, which may result in shares of Solo Brands, Inc. Class A common stock increasing in value relative to the value of LLC Interests. The Continuing LLC Owners may benefit from any value attributable to such cash balances if they acquire shares of Solo Brands, Inc. Class A common stock in exchange for their LLC Interests, notwithstanding that such holders may previously have participated as holders of LLC Interests in distributions by Holdings that resulted in such excess cash balances. The Tax Receivable Agreement requires Solo Brands, Inc. to make cash payments to the Continuing LLC Owners in respect of certain tax benefits to which Solo Brands, Inc. may become entitled, and no such payments will be made to any holders of Solo Brands, Inc. Class A common stock unless such holders are also Continuing LLC Owners. The payments Solo Brands, Inc. will be required to make under the Tax Receivable Agreement may be substantial. Solo Brands, Inc. is a party to the Tax Receivable Agreement with the Continuing LLC Owners and Holdings. Under the Tax Receivable Agreement, Solo Brands, Inc. generally will be required to make cash payments to the Continuing LLC Owners equal to 85 % of the tax benefits, if any, that Solo Brands, Inc. actually realizes, or in certain circumstances is deemed to realize, as a result of (1) increases in Solo Brands, Inc.' s proportionate share of the tax basis of the assets of Holdings resulting from (a) any future redemptions or exchanges of LLC Interests by the Continuing LLC Owners for Solo Brands, Inc. Class A common stock or cash pursuant to the Holdings LLC Agreement, as filed as Exhibit 10. 2 with the Company' s Quarterly Report on Form 10- Q for the period ended September 30, 2021, or (b) certain distributions (or deemed distributions) by Holdings and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. No such payments will be made to any holders of Solo Brands, Inc. Class A common stock unless such holders are also Continuing LLC Owners. The amount of the cash payments that Solo Brands, Inc. will be required to make under the Tax Receivable Agreement may be substantial. Payments under the Tax Receivable Agreement are not conditioned on the Continuing LLC Owners' ownership of our shares. Assuming no material changes in the relevant tax law, that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement and that all Continuing LLC Owners exchanged their common units for Class A common stock immediately following the completion of this offering, we would recognize an incremental deferred tax asset of approximately $ ~~6~~ **28** . ~~4~~ **7** million and a related liability for **early**

termination payments under the Tax Receivable Agreement of approximately $ ~~5~~ **15** . ~~5~~ **7** million based on our estimate of the aggregate amount that we will pay under the Tax Receivable Agreement as a result of such future exchanges. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us and tax receivable agreement payments by us will be determined in part by reference to the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the tax receivable agreement and will generally be dependent on us generating sufficient future taxable income to realize the benefit. Any payments made by Solo Brands, Inc. to the Continuing LLC Owners under the Tax Receivable Agreement will not be available for reinvestment in the business and will generally reduce the amount of cash that might have otherwise been available to Solo Brands, Inc. and its subsidiaries. To the extent Solo Brands, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Furthermore, Solo Brands, Inc.' s future obligations to make payments under the Tax Receivable Agreement could make Solo Brands, Inc. and its subsidiaries a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the Continuing LLC Owners, the price of shares of Solo Brands, Inc. Class A common stock at the time of any exchange, the extent to which such exchanges are taxable, the amount of gain recognized by the Continuing LLC Owners, the amount and timing of the taxable income Holdings generates in the future, and the tax rates and laws then applicable. Our organizational structure, including the Tax Receivable Agreement, confers certain tax benefits upon the Continuing LLC Owners that may not benefit Class A Common Stockholders to the same extent as they will benefit the Continuing LLC Owners. Our organizational structure, including the Tax Receivable Agreement, confers certain tax benefits upon the Continuing LLC Owners that may not benefit the holders of our Class A common stock to the same extent as they will benefit the Continuing LLC Owners. The Tax Receivable Agreement provides for our payment to the Continuing LLC Owners of 85 % of the amount of tax benefits, if any, that we actually realize (or in some circumstances are deemed to realize) as a result of (i) increases in the tax basis of assets of Holdings resulting from (a) any future redemptions or exchanges of LLC Interests, and (b) certain distributions (or deemed distributions) by Holdings and (ii) certain other tax benefits arising from payments under the Tax Receivable Agreement. Although Solo Brands, Inc. will retain 15 % of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock. In certain cases, future payments under the Tax Receivable Agreement to the Continuing LLC Owners may be accelerated or significantly exceed the actual benefits Solo Brands, Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement. The Tax Receivable Agreement provides that if (i) Solo Brands, Inc. materially breaches any of its material obligations under the Tax Receivable Agreement, (ii) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur, or (iii) Solo Brands, Inc. elects an early termination of the Tax Receivable Agreement, then Solo Brands, Inc.' s future obligations, or its successor' s future obligations, under the Tax Receivable Agreement to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that Solo Brands, Inc. would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement, and an assumption that, as of the effective date of the acceleration, any Continuing LLC Owner that has LLC Interests not yet exchanged shall be deemed to have exchanged such LLC Interests on such date, even if Solo Brands, Inc. does not receive the corresponding tax benefits until a later date when the LLC Interests are actually exchanged. As a result of the foregoing, Solo Brands, Inc. would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, based on certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, Solo Brands, Inc. could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual tax benefits it ultimately realizes. In addition, to the extent that Solo Brands, Inc. is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Solo Brands, Inc.' s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 60 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) Holdings is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) Holdings does not have, and despite using commercially reasonable efforts cannot obtain, sufficient funds to make such payment. In these situations, Solo Brands, Inc.' s obligations under the Tax Receivable Agreement could have a substantial negative impact on Solo Brands, Inc.' s liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control. There can be no assurance that Holdings will be able to fund or finance Solo Brands, Inc.' s obligations under the Tax Receivable Agreement. Solo Brands, Inc. will not be reimbursed for any payments made to the Continuing LLC Owners under the Tax Receivable Agreement in the event that any tax benefits are disallowed. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that Solo Brands, Inc. determines, and the IRS or another tax authority may challenge all or part of the tax basis increases or other tax benefits Solo Brands, Inc. claims, as well as other related tax positions it takes, and a court could sustain any such challenge. If the outcome of any such challenge would reasonably be expected to materially and adversely affect a recipient' s payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of certain representatives of the Continuing LLC Owners. The interests of such representatives of the Continuing LLC Owners in any such challenge may differ from or conflict with our interests and your interests, and they may exercise their consent rights relating to any such challenge in a manner adverse to our interests. In addition, Solo Brands, Inc. will not be reimbursed for any cash payments previously made to the Continuing LLC Owners under the Tax Receivable Agreement in the event that any tax benefits initially claimed by Solo Brands, Inc. and for which payment has been made to the Continuing LLC Owners are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by Solo Brands, Inc. to the Continuing LLC Owners will be netted against any future cash payments that Solo Brands, Inc. might otherwise be required to make to the Continuing LLC Owners under the terms of the Tax Receivable Agreement. However, Solo Brands, Inc. might not determine that it has effectively made an excess cash payment to the Continuing LLC Owners for a number of years following the initial time of such payment, and, if any of its tax reporting positions are challenged by a taxing authority, Solo Brands, Inc. will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. Moreover, the excess cash payments Solo Brands, Inc. previously made under the Tax Receivable Agreement could be greater than the amount of future cash payments against which Solo Brands, Inc. would otherwise be permitted to net such excess. The applicable U. S. federal income tax rules for determining applicable tax benefits Solo Brands, Inc. claims are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with Solo Brands, Inc.' s tax reporting positions. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that Solo Brands, Inc. actually realizes in respect of the tax attributes with respect to the Continuing LLC Owners that are the subject of the Tax Receivable Agreement. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition. We are subject to taxes by the U. S. federal, state, local and foreign tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of equity- based compensation; • changes in tax laws, regulations or interpretations thereof; or • future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates. In addition, we may be subject to audits of our income, sales and other transaction taxes by U. S. federal, state, local and foreign taxing authorities. Outcomes from these audits could adversely affect our business, results of operations and financial condition. Additionally, tax authorities at the foreign, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in e- commerce. New or revised foreign, federal, state or local tax regulations or court decisions may subject us or our customers to additional sales, income and other taxes. There is also uncertainty over sales tax liability as a result of the U. S. Supreme Court' s decision in South Dakota v. Wayfair, Inc., which held that states could impose sales tax collection obligations on out- of- state sellers even if those sellers lack any physical presence within the states imposing the sales taxes. Under Wayfair, a person requires only a " substantial nexus " with the taxing state before the state may subject the person to sales tax collection obligations therein. An increasing number of states (both before and after the publication of Wayfair) have considered or adopted laws that attempt to impose sales tax collection obligations on out- of- state sellers. The Supreme Court' s Wayfair decision has removed a significant impediment to the enactment and enforcement of these laws. While we do not expect the Court' s decision to have a significant impact on our business, other new or revised taxes and, in particular, sales taxes, VAT and similar taxes could increase the cost of doing business online and decrease the attractiveness of selling products over the internet. New taxes and rulings could also create significant increases in internal costs necessary to capture data and collect and remit taxes. If we were deemed to be an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act, as a result of our ownership of Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could adversely affect our business, results of operations and financial condition. Under Sections 3 (a) (1) (A) and (C) of the 1940 Act, a company generally will be deemed to be an " investment company " for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an " investment company, " as such term is defined in either of those sections of the 1940 Act. As the sole managing member of Holdings, we control and operate Holdings. On that basis, we believe that our interest in Holdings is not an " investment security " as that term is used in the 1940 Act. However, if we were to cease participation in the management of Holdings, our interest in Holdings could be deemed an " investment security " for purposes of the 1940 Act. We and Holdings intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could adversely affect our business, results of operations and financial condition. Solo Brands, Inc. is controlled by the Original LLC Owners, whose interests may differ from those of our public stockholders. The Original LLC Owners control the majority of the combined voting power of our common stock through their ownership of both Class A common stock and Class B common stock. The Original LLC Owners will, for the foreseeable future, have the ability to substantially influence us through their ownership position over corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. The Original LLC Owners are able to, subject to applicable law, and the voting arrangements described in the Prospectus, elect a majority of the members of our board of directors and control actions to be taken by us and our board of directors, including amendments to our certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and applicable rules and regulations, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. It is possible that the interests of the Original LLC Owners may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, the Continuing LLC Owners may have different tax positions from us, especially in light of the Tax Receivable Agreement that could influence our decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when Solo Brands, Inc. should terminate the Tax Receivable Agreement and accelerate its obligations thereunder. In addition, the determination of future tax reporting positions and the structuring of future transactions may take into consideration the Continuing LLC Owners' tax or other considerations, which may differ from the considerations of us or our other stockholders. Risks Related to Ownership of our Class A Common Stock ~~Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes- Oxley Act could adversely affect our business and stock price. As a public company, we are required to comply with the SEC' s rules implementing Sections 302 and 404 of the Sarbanes- Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 (b) until the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management' s attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal controls over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal controls over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.~~ The Continuing LLC Owners have the right to have their LLC Interests redeemed pursuant to the terms of the Holdings LLC Agreement, which may dilute the owners of the Class A common stock. As of March ~~6~~ **11** , ~~2023~~ **2024** , we have an aggregate of ~~411~~ **410** , ~~348~~ **660** , ~~949~~ **248** shares of Class A common stock authorized but unissued, including approximately 33, ~~416~~ **120** , ~~783~~ **136** shares of Class B common stock issuable upon redemption of LLC Interests, ~~32~~ **33** , ~~362~~ **069** , ~~227~~ **023** of which had vested and are held by the Continuing LLC Owners. In connection with the completion of our IPO, Holdings entered into the Holdings LLC Agreement and, subject to certain restrictions set forth therein and as described elsewhere in the Prospectus, the Continuing LLC Owners are entitled to have their LLC Interests redeemed for shares of our Class A common stock. We also to entered into the Registration Rights Agreement with the Original LLC Owners, certain of our other stockholders and Holdings pursuant to which the shares of Class A common stock issued to the Continuing LLC Owners upon redemption of their LLC Interests and the shares of Class A common stock issued to the Former LLC Owners in connection with the Transactions will be eligible for resale, subject to certain limitations set forth therein. We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock ~~to decline. If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the price of our Class A common stock could decline. The trading market for our Class A common stock will rely in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. A lack of adequate research coverage may harm the liquidity and trading price of our Class A common stock. To the extent equity research analysts do provide research coverage of our Class A common stock, we will not have any control over the content and opinions included in their reports. The trading price of our Class A common stock could decline if one or more equity research analysts downgrade our stock or publish other unfavorable commentary or research. If one or more equity research analysts cease coverage of our company, or fail to regularly publish reports on us, the demand for our Class A common stock could decrease, which in turn could cause our trading price or trading volume~~ to decline. The price of our Class A common stock has and will likely continue to fluctuate and you may not be able to sell the shares you purchase at or above your purchase price. The market price of our Class A common stock has fluctuated and may be highly volatile and may fluctuate substantially due to many factors, including: • the volume and timing of sales of our products; • the introduction of new products or product enhancements by us or our competitors; • disputes or other developments with respect to our or others' intellectual property rights; • our ability to develop, obtain regulatory clearance or approval for, and market new and enhanced products on a timely basis; • product liability claims or other litigation; • quarterly variations in our growth, profitability or results of operations, or those of our competitors; • media exposure of our products or our competitors; • announcement or expectation of additional equity or debt financing efforts; • additions or departures of key personnel; • issuance of new or updated research or reports by securities analysts; • failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public; • changes in governmental regulations or in reimbursement; • changes in earnings estimates or recommendations by securities analysts; and • general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors. In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may significantly affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management' s attention and resources from our business. Substantial future sales, or the perception of future substantial sales, by us or our existing stockholders in the public markets could cause the market price of our Class A common stock to decline. Sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the price of our Class A common stock and could impair our ability to raise capital through the sale of additional shares. As of March ~~6~~ **11** , ~~2023~~ **2024** , ~~63~~ **58** , ~~668~~ **106** , ~~895~~ **957** shares of Class A common stock were issued and outstanding and an additional ~~437~~ **2** , ~~511~~ **208, 303** shares had the potential to vest in the future. Additionally, ~~32~~ **33** , ~~362~~ **069** , ~~227~~ **023** shares of Class B common stock were issued and outstanding and an additional ~~1~~ **51** , **113** ~~054, 556~~ shares would be issuable upon redemption or exchange of LLC Interests. The shares of Class A common stock sold in the IPO are freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available. The outstanding ~~48~~ **29** , ~~558~~ **953** , ~~927~~ **415** shares of Class A common stock held by the Former LLC Owners are subject to certain restrictions on sale. All of our executive officers and directors and the Original LLC Owners agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for (including the LLC Interests), or that represent the right to receive, shares of common stock during the period from the date of our Prospectus continuing through the date 180 days after the date of our Prospectus, except with the prior written consent of the representatives on behalf of the underwriters. Upon the completion of the IPO, we entered into the Registration Rights Agreement with the Original LLC Owners, certain of our other stockholders and Holdings pursuant to which the shares of Class A common stock issued upon redemption or exchange of LLC Interests held by the Continuing LLC Owners and the shares of Class A common stock issued to the Former LLC Owners in connection with the Reorganization Transactions will be eligible for resale, subject to certain limitations set forth therein. In addition, any shares of Class A common stock that we issue under the Solo Brands, Inc. 2021 Incentive Award Plan (the " 2021 Incentive Plan "), the Solo Brands, Inc. 2021 Employee Stock Purchase Plan (the " 2021 ESPP ") or other equity incentive plans that we may adopt in the future would dilute the percentage ownership held by the investors who purchase shares of our Class A Common Stock. In the future, we may also issue additional securities if we need to raise capital, which could constitute a material portion of our then- outstanding shares of common stock. Taking advantage of the reduced disclosure requirements applicable to " emerging growth companies " may make our Class A common stock less attractive to investors. The JOBS Act provides that, so long as a company qualifies as an " emerging growth company, " it will, among other things: • be exempt from the provisions of Section 404 (b) of the Sarbanes- Oxley Act requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting; • be exempt from the " say on pay ", " pay versus performance " and " say on golden parachute " advisory vote requirements of the Dodd- Frank Wall Street Reform and Customer Protection Act, or the Dodd- Frank Act; • be exempt from certain disclosure requirements of the Dodd- Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act; and • be permitted to provide a reduced level of disclosure concerning executive compensation and be exempt from any rules that have been adopted by the PCAOB requiring a supplement to the auditor' s report on the financial statements or that may be adopted requiring mandatory audit firm rotations. We are an " emerging growth company, " as defined in the JOBS Act, and we could be an emerging growth company for up to five years following the completion of the IPO. For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions from various reporting requirements, as well as the cost savings as a result of such exemptions, which are applicable to other public companies that do not qualify as an emerging growth company. We have elected to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 107 (b) of the JOBS Act. We will continue to qualify as an emerging growth company unless our total annual gross revenues are $ 1. 235 billion or more, we have issued more than $ 1 billion in non- convertible debt in the past three years or we become a " large accelerated filer " as defined in the Exchange Act. As long as we remain an " emerging growth company, " we may take advantage of other exemptions, including the exemptions from the advisory vote requirements and executive compensation disclosures under the Dodd- Frank Act and the exemption from the provisions of Section 404 (b) of the Sarbanes- Oxley Act. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock. Also, as a result of our intention to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we qualify as an " emerging growth company, " our financial statements may not be comparable to those of companies that fully comply with regulatory and reporting requirements upon the public company effective dates. We do not currently expect to pay any cash dividends. We do not anticipate declaring or paying any cash dividends to holders of our Class A common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance our growth. Any determination to pay cash dividends in the future will be at the sole discretion of our board of directors, subject to limitations under applicable law and may be discontinued at any time. In addition, our ability to pay cash dividends is currently restricted by the terms of our Revolving Credit Facility. Therefore, you are not likely to receive any dividends on your Class A common stock for the foreseeable future, and the success of an investment in our Class A common stock will depend upon any future appreciation in its value. Consequently, investors may need to sell all or part of their holdings of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Our Class A common stock may not appreciate in value or even maintain the price at which our stockholders have purchased our Class A common stock. Investors seeking cash dividends should not purchase our Class A common stock. In addition, our operations are currently conducted entirely through Holdings and its subsidiaries and our ability to generate cash to meet our debt service obligations or to make future dividend payments, if any, is highly dependent on the earnings and the receipt of funds from Holdings and its subsidiaries via dividends or intercompany loans. Our amended and restated certificate of incorporation contains provisions renouncing our interest and expectation to participate in certain corporate opportunities identified or presented to certain of our Original LLC Owners. Certain of the Original LLC Owners are in the business of making or advising on investments in companies and these Original LLC owners may hold, and may, from time to time in the future, acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or the business of our suppliers. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of the Original LLC Owners or any director who is not employed by us or his or her affiliates will have any duty to refrain from engaging in a corporate opportunity in the same or similar lines of business as us. The Original LLC Owners may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. As a result, these arrangements could adversely affect our business, results of operations, financial condition or prospects if attractive business opportunities are allocated to any of the Original LLC Owners instead of to us. We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock. Anti- takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and depress the market price of our common stock. Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our amended and restated certificate of incorporation and amended and restated bylaws include the following provisions: • authorizing the issuance of “ blank check ” preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt; • establishing a classified board of directors so that not all members of our board of directors are elected at one time; • the removal of directors only for cause; • prohibiting the use of cumulative voting for the election of directors; • limiting the ability of stockholders to call special meetings or amend our bylaws; • requiring all stockholder actions to be taken at a meeting of our stockholders; and • establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, or the DGCL, which prevents interested stockholders, such as certain stockholders holding more than 15 % of our outstanding common stock from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85 % of the common stock or (iii) following board approval, the business combination receives the approval of the holders of at least two- thirds of our outstanding common stock not held by such interested stockholder. Because we have “ opted out ” of Section 203 of the DGCL in our amended and restated certificate of incorporation, the statute will not apply to business combinations involving us. Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: • any derivative action or proceeding brought on our behalf; • any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees, or stockholders to us or our stockholders; • any action asserting a claim arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation and bylaws; and • any action asserting a claim governed by the internal affairs doctrine. Furthermore, our amended and restated certificate of incorporation also provides that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, these provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To the extent the exclusive forum provision restricts the courts in which claims arising under the Securities Act may be brought, there is uncertainty as to whether a court would enforce such a provision. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. These choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or with our directors, officers, other employees or agents, or our other stockholders, which may discourage such lawsuits against us and such other persons, or may result in additional expense to a stockholder seeking to bring a claim against us. Alternatively, if a court were to find this choice of forum provision 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, results of operations and financial condition. **Stock repurchases undertaken by the Company could have adverse effects, including potentially increasing the volatility of the price of our Class A common stock and potentially diminishing our cash reserves while not producing hoped for stockholder value. Our Board of Directors has in the past and may from time to time in the future authorize stock repurchases, pursuant to which repurchases of Class A common stock may be made either through open market transactions (including pre- set trading plans) or through other transactions, such as through privately negotiated transactions or in such other manners as may be determined by our Board of Directors in accordance with applicable securities laws. Any repurchase authorizations may be modified, suspended, or terminated at any time and there can be no assurance that our Board of Directors may authorize a stock repurchase in the future. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. The existence of a stock repurchase authorization could cause our stock price to trade higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although stock repurchase authorizations may be intended to enhance long- term stockholder value, there is no assurance they will do so because the market price of our Class A common stock may decline below the levels at which we repurchased shares and short- term stock price fluctuations could reduce the effectiveness of any such authorization. Repurchasing our Class A common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long- term stockholder value of any stock repurchase authorization. In addition, the Inflation Reduction Act of 2022 imposes a non- deductible 1 % excise tax on the fair market value of stock repurchases, net of stock issuances, that exceed $ 1 million in a taxable year, which will make any potential stock repurchases more expensive to us.** General Risk Factors We may become involved in legal or regulatory proceedings and audits. Our business requires compliance with many laws and regulations, including labor and employment, sales and other taxes, customs, data privacy, data security, and consumer protection laws and ordinances that regulate retailers generally and / or govern the importation, promotion, and sale of merchandise, and the operation of e- commerce and warehouse facilities. Failure to comply with these laws and regulations could subject us to lawsuits and other proceedings, and could also lead to damage awards, fines, and penalties. We may become involved in a number of legal proceedings and audits, including government and agency investigations, and consumer, employment, tort, and other litigation. The outcome of some of these legal proceedings, audits, and other contingencies could require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition and results of operations. Additionally, we may pursue legal action of our own to protect our business interests. Prosecuting or defending against these lawsuits and proceedings may be necessary, which could result in substantial costs and diversion of management' s attention and resources, harming our business, financial condition, and results of operations. Any pending or future legal or regulatory proceedings and audits could harm our business, financial condition, and results of operations. Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud. We are subject to the periodic reporting requirements of the Exchange Act. We are designing our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures, no matter how well- conceived and operated, can provide reasonable, but not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision- making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by individuals or groups of persons or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements in our public reports due to error or fraud may occur and not be detected. Our business is subject to the risk of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by problems such as terrorism, cyberattacks, or failure of key information technology systems. Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, criminal acts, **public health crises and pandemics,** and similar events. For example, a significant natural disaster, such as an earthquake, fire, or flood, could harm our business, results of operations, and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our corporate offices and primary distribution center is located in Texas, a state that frequently experiences floods and storms. In addition, the facilities of our suppliers and where our manufacturers produce our products are located in parts of Asia that frequently experience typhoons and earthquakes. Acts of terrorism and public health crises, such as the COVID- 19 pandemic (or other future pandemics or epidemics), could also cause disruptions in our or our suppliers', manufacturers', and logistics providers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting Texas or other locations where we have operations or store significant inventory. Our servers and those belonging to our vendors may also be vulnerable to computer viruses, criminal acts, denial- of- service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, or loss of critical data. As we rely heavily on our information technology and communications systems and the Internet to conduct our business and provide high- quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses, which could harm our business, results of operations, and financial condition. Changes in applicable tax regulations or in their implementation could negatively affect our business and financial results. ~~Changes in tax law may adversely affect our business or financial condition. On December 22, 2017, the U. S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the 2017 Tax Act, which significantly reformed the Internal Revenue Code of 1986, as amended. A growing portion of our earnings are earned from sales outside the United States. Changes to the taxation of certain foreign earnings resulting from the 2017 Tax Act, along with the state tax impact of these changes and potential future cash distributions, may have an adverse effect on our effective tax rate. Furthermore, changes to the taxation of undistributed foreign earnings could change our future intentions regarding reinvestment of such earnings. Although the accounting for the impact of the 2017 Tax Act has been completed, we are continuing to monitor ongoing changes and ruling updates to the 2017 Tax Act. There~~ -- **The** ~~can be no assurance that further changes in the 2017 Tax Act will not materially and adversely affect our effective tax rate, tax payments, financial condition and results of operations. As part of Congress' s response to the COVID- 19 pandemic, the Families First Coronavirus Response Act, commonly referred to as the FFCR Act, was enacted on March 18, 2020, and the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act, was enacted on March 27, 2020. Both contain numerous tax provisions. Regulatory guidance under the 2017 Tax Act, the FFCR Act and the CARES Act is and continues to be forthcoming, and such guidance could ultimately increase or lessen impact of these laws on our business and financial condition. It is also possible that Congress could enact additional legislation in connection with the COVID- 19 pandemic, some of which could have an impact on our Company. In addition, it is uncertain if and to what extent various states will conform to the 2017 Tax Act, the FFCR Act or the CARES Act. In addition, the~~ U. S. government, state governments, and foreign jurisdictions may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate and the imposition of minimum taxes. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly, our results of operations could be harmed. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section of this prospectus titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements, and related notes included elsewhere in this prospectus. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, and could result in a decline in our stock price. **Our ESG initiatives and the adoption of ESG regulatory frameworks may impose additional costs and expose us to emerging areas of risk. Companies across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Investors' increased focus related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company' s ESG practices. Companies which do not adapt to or comply with investor or other stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and / or stock price of such a company could be materially and adversely affected. We have adopted certain practices and policies to align our ESG approach with our business strategy by maximizing the inherent value of our assets and delivering long- term social, environmental and economic values across our brands. However, our stakeholders may look to us to implement more or different ESG procedures, standards or goals in order to continue engaging with us, to remain invested in us, or before they make further investments in us. Additionally, we may face reputational challenges in the event our ESG procedures or standards do not meet the standards set by certain constituencies or such constituencies might not be satisfied with our efforts or the speed of adoption of ESG practices or polices. If we do not meet our stakeholders' expectations or we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, trust in our brand may suffer and our business and / or our ability to access capital could be harmed. Further, there is an increased focus by governmental and nongovernmental organizations on climate change matters, including increased pressure to expand disclosures related to the physical and transition risks related to climate change or to establish sustainability goals, such as the reduction of greenhouse gas emissions, which could expose us to market, operational and execution costs or risks. Our failure to establish sustainability targets or targets that are perceived to be appropriate, as well as to achieve progress on those targets on a timely basis, or at all, could adversely affect the reputation of our brands and sales of and demand for our products. For example, in October 2023, the State of California adopted SB 253, the Climate Corporate Data Accountability Act, which will require companies to annually disclose Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and SB 261, Greenhouse Gases: Climate- Related Financial Risk which will require**

biennial disclosure of a company' s financial risk caused by climate change. These, and additional legislation which may be passed, such as proposed rules by the SEC with respect to enhanced and standardized climate- related disclosures, 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. We may also incur additional costs or require additional resources to monitor, report and comply with such stakeholder expectations and standards and legislation, and to meet climate change targets and commitments if established. In addition, the European Union Corporate Sustainability Reporting Directive (" CSRD ") became effective in 2023. CSRD applies to both EU and non- EU in- scope entities and would require them to provide expansive disclosures on various sustainability topics. We are assessing our obligations under CSRD which will become effective in 2025 for U. S. companies with subsidiaries in the EU that meet certain criteria and expect that compliance could require substantial effort in the future. We will likely need to be prepared to contend with overlapping, yet distinct, climate- related disclosure requirements in multiple jurisdictions. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition and expose us to market, operational and execution costs or risks. The impacts of risks associated with international geopolitical conflicts, including continued tensions between Taiwan and China and the Russian invasion of Ukraine, on the global economy, energy supplies and raw materials are uncertain, but may prove to negatively impact our business and operations. In recent years, diplomatic and trade relationships between the U. S. government and China have become increasingly frayed and the threat of a takeover of Taiwan by China has increased. Since much of our production occurs in China, our business, our operations and our supply chain could be materially and adversely impacted by political, economic or other actions from China, or changes in China- Taiwan relations that impact China and its economy. In addition, we continue to monitor any adverse impact that the outbreak of war in Ukraine and the subsequent institution of sanctions against Russia by the United States and several European and Asian countries may have on the global economy in general, on our business and operations and on the businesses and operations of our suppliers and customers. For example, a prolonged conflict may result in ongoing increased inflation, escalating energy prices and constrained availability, and thus increasing costs, of raw materials. To the extent that continuing political tensions between China and Taiwan or the war in Ukraine may adversely affect our business, it may also have the effect of heightening many of the other risks described in our risk factors, such as those relating to data security, supply chain, volatility in prices of inputs, and market conditions, any of which could negatively affect our business and financial condition.