

## Risk Factors Comparison 2024-02-16 to 2023-02-08 Form: 10-K

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

We operate in a highly competitive and rapidly evolving market, and our market share and results of operations could be adversely affected if we fail to compete effectively in the future. The basic apparel market is highly competitive and rapidly evolving. Competition generally is based upon brand, comfort, fit, style and price. Our businesses face competition today from other large domestic and foreign corporations and manufacturers, as well as mass merchant retailers, department stores and other retailers, including many of our customers, that market and sell basic apparel products under private labels that compete directly with our brands. Also, online retail shopping is rapidly evolving, and we expect competition in the e-commerce market to intensify in the future as the Internet facilitates competitive entry and comparison shopping. If we do not successfully develop and maintain a relevant omni-channel experience for our customers, our businesses and results of operations could be adversely impacted. Increased competition may result in a loss of or a reduction in shelf space and promotional support and reduced prices, in each case decreasing our cash flows, operating margins and profitability. Our ability to identify and capitalize on retail trends, including technology, e-commerce and other process efficiencies to gain market share and better service our customer base will, in large part, determine our future success. If we fail to compete successfully, our market share, results of operations and financial condition will be materially and adversely affected. The rapidly changing retail environment could result in the loss of or material reduction in sales to certain of our customers, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. The retail environment is highly competitive as consumers are increasingly embracing shopping online and through mobile commerce applications. As a result, a greater portion of total consumer expenditures with retailers is occurring online and through mobile commerce applications. If our brick- and- mortar retail customers fail to maintain or grow their overall market position through the integration of physical retail presence and digital retail, these customers may experience financial difficulties including store closures, bankruptcies or liquidations. This could, in turn, create difficulty in moving our products to market, which would increase inventories or backlog, substantially reduce our revenues, increase our credit risk and ultimately have a material adverse effect on our results of operations, financial condition and cash flows. If our advertising, marketing ~~and~~, promotional **and innovation** programs are unsuccessful, or if our competitors are more effective with their programs than we are, our sales could be negatively affected. Ineffective **advertising**, marketing, ~~advertising and~~ promotional **and innovation** programs could inhibit our ability to maintain brand relevance and could ultimately decrease sales. While we use social media, websites, mobile applications, email, print and television to promote our products and attract customers, some of our competitors may expend more for their programs than we do, or use different approaches than we do that prove more successful, any of which may provide them with a competitive advantage. **We invest in product innovation in an effort to drive consumer interest in, and increase demand for, our products and to differentiate our products in the market, though some of our competitors' innovation programs may be better funded or be more positively received by consumers, resulting in a competitive advantage for those competitors**. If our programs are not effective or require increased expenditures that are not offset by increased sales, our revenue and results of operations could be negatively impacted. Our customers may require products on an exclusive basis, forms of economic support and other changes that could be harmful to our business. Customers increasingly may require us to provide them with some of our products on an exclusive basis, which could cause an increase in the number of stock keeping units, or "SKUs," we must carry and, consequently, increase our inventory levels and working capital requirements. Moreover, our customers may increasingly seek markdown allowances, incentives and other forms of economic support, which reduce our gross margins and affect our profitability. Our financial performance is negatively affected by these pricing pressures when we are forced to reduce our prices without being able to correspondingly reduce our production costs. Operational Risks Any inadequacy, interruption, integration failure or security breach with respect to our information technology could harm our ability to effectively operate our business and have a material adverse effect on our business, results of operations, financial condition and cash flows. Our ability to effectively manage and operate our business depends significantly on information technology systems. The failure of these systems to operate effectively and support global growth and expansion, problems with integrating various data sources, challenges in transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses, or a breach in security of these systems could adversely impact the operations of our business. Despite our policies, procedures and programs designed to ensure the integrity of our information technology systems, we may not be effective in identifying and mitigating every risk to which we are exposed, **and we have experienced a ransomware attack that we previously disclosed (see the section captioned "Overview- Ransomware Attack" under Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" below)**. Furthermore, from time to time we rely on information technology systems which may be managed, hosted, provided and / or accessed by third parties or their vendors to assist in conducting our business. Such relationships and access may create difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after a breach. Hackers and data thieves are increasingly sophisticated and operate large- scale and complex attacks that may include computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks and large- scale automated attacks, phishing, social engineering, hacking and other cyber- attacks. Breaches of our network or databases, or those of our third- party providers, may result in the loss of valuable business data, misappropriation of our consumers' or employees' personal information, or a disruption of our business, which could give rise to unwanted media attention, impair our ability to order materials, make and ship orders, and process payments, materially damage our customer relationships and reputation, and result in lost sales, fines or

lawsuits. Moreover, there are numerous laws and regulations regarding privacy and the storage, sharing, use, processing, transfer, disclosure and protection of personal data, the scope of which is changing, subject to differing interpretations, and may be inconsistent between states within a country or between countries. Globally, **data privacy new and emerging** laws, such as the General Data Protection Regulation (“GDPR”) and the Network and Information Systems Directive (“NISD”) in Europe, the United Kingdom General Data Protection Regulation (“UK-GDPR”) in the United Kingdom, state laws in the U. S. on privacy, data and related technologies, such as the California Consumer Privacy Act and amendments from the California Privacy Rights Act (together, “CPRA”) create new compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. Non-compliance with these laws could result in penalties or significant legal liability. Although we take reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action, including fines, in the event of a data security incident or allegations of a privacy or data protection violation. We or our third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in our or our third-party service providers’ business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third-party service providers’ business, results of operations or financial condition. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings, and potentially significant monetary penalties, against us by governmental entities or others, damage to our reputation and credibility, and could have a negative impact on revenues and profits. We must successfully implement our new global enterprise resource planning system and maintain and upgrade our IT systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations. From time to time, we expand and improve our IT systems to support our business going forward. Consequently, we are in the process of implementing, and will continue to invest in and implement, modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools. We are engaged in the implementation of a new global enterprise resource planning system (“ERP”), which requires significant investment of human and financial resources. The ERP is designed to efficiently maintain our financial records and provide information important to the operation of our business to our management team. In implementing the ERP, we may experience significant increases to inherent costs and risks associated with changing and acquiring these systems, policies, procedures and monitoring tools, including capital expenditures, additional operating expenses, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems policies, procedures or monitoring tools into our current systems. Any significant disruption or deficiency in the design and implementation of the ERP may adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations, maintain effective disclosure controls and internal control over financial reporting or otherwise operate our business. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing new technology systems, such as ERP, delays in our timeline for planned improvements, significant system failures or our inability to successfully modify our IT systems, policies, procedures or monitoring tools to respond to changes in our business needs in the past have caused and in the future may cause disruptions in our business operations, increase data security risks, and may have a material adverse effect on our business, financial condition and results of operations. Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability. We have a complex global supply chain and distribution network that supports our ability to consistently provide our products to our customers. Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, tsunami, terrorist attack, pandemic or other natural or man-made disaster, our continued success will depend, in part, on the safety and availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other systems and operations. Climate change serves as a risk multiplier increasing both the frequency and severity of natural disasters that may affect our worldwide business operations. Therefore, forecasting disruptive events and building additional resiliency into our operations accordingly will become an increasing business imperative. We may experience operational challenges in the event of a disaster, in particular depending upon how a local or regional event may affect our human capital across our operations or with regard to particular aspects of our operations, such as key executive officers or personnel in our technology group. If we cannot respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, production or supply systems, we may be late in delivering, or be unable to deliver, products to our customers. These events could result in, among other negative impacts, reputational damage, lost sales, cancellation charges or excessive markdowns. **Infectious disease outbreaks, such as the COVID-19 pandemic, could have a material adverse effect on our business. Our business could be adversely affected by infectious disease outbreaks, such as the novel strain of coronavirus commonly referred to as COVID-19. COVID-19, which emerged beginning in the fourth quarter of Fiscal 2019, has spread rapidly across the globe, including throughout all major geographies in which we operate, resulting in adverse economic conditions and business disruptions, as well as significant volatility in global financial markets. Governments worldwide, and most recently in China, have periodically imposed varying degrees of preventative and protective actions, such as temporary travel bans, stay-at-home orders, and forced business closures or other operational restrictions, including reduced capacity limits and operating hours, all in an effort to reduce the spread of the virus. Such factors, among others, have resulted in a significant decline in retail traffic, tourism, and consumer spending on discretionary items. As a result of the COVID-19 pandemic, we have experienced varying degrees of business disruptions and periods of closure of our stores, distribution centers, and corporate facilities, as have our wholesale customers, licensing partners, suppliers, and vendors. Collectively, these disruptions have had a material adverse impact on our business throughout the pandemic, particularly during Fiscal 2020. Despite the introduction of COVID-19 vaccines, the pandemic remains highly volatile and continues to evolve, including the**

emergence of variants of the virus, such as the Delta and Omicron variants, which has and could continue to adversely affect consumer sentiment and confidence. Accordingly, we cannot predict for how long and to what extent this crisis will continue to impact our business operations or the overall global economy. Potential impacts to our business include, but are not limited to: • our ability to successfully execute our long-term growth strategy; • potential declines in the level of consumer purchases of discretionary items caused by higher unemployment and lower disposable income levels, inflationary pressures, travel and social gathering restrictions, work-from-home arrangements, or other factors beyond our control; • the potential build-up of excess inventory as a result of store closures and/or lower consumer demand; • temporary closures or other operational restrictions of our distribution centers; • supply chain disruptions resulting from closed factories, reduced workforces, scarcity of raw materials, shipping and loading capacity constraints, and scrutiny or embargoing of goods produced in infected areas, including any related cost increases; • our ability to attract, retain, and manage employees in the current environment, which include remote working arrangements; • additional costs to protect the health and safety of our employees, customers, and communities, such as more frequent and thorough cleanings of our facilities and supplying personal protection equipment; • increased vulnerability to data security or privacy breaches as a result of a substantial portion of our corporate employees continuing to work remotely; • our ability to access capital markets and maintain compliance with covenants associated with our existing debt instruments, as well as the ability of our key customers, suppliers, and vendors to do the same with regard to their own obligations; and • our ability to generate sufficient cash flows to support our operations, including repayment of our debt obligations as they become due, as well as to return value to our shareholders in the form of dividend payments and repurchases of our common stock. Additional discussion related to the various risks and uncertainties described above is included elsewhere within this "Risk Factors" section of this Annual Report on Form 10-K. The risks associated with climate change and other environmental impacts and increased focus by stakeholders on corporate responsibility issues, including those associated with climate change, could negatively affect our business and operations. Our business is susceptible to risks associated with climate change, including through disruption to our supply chain and the productivity of our contract manufacturing, potentially impacting the production and distribution of our products and availability and pricing of raw materials. Large portions of our supply chain are located in Central America and the Caribbean, where there has been a steady surge of hurricanes in recent years. Increased frequency and intensity of weather events (such as storms and floods) due to climate change could also lead to more frequent store closures and/or lost sales as customers prioritize basic needs. In many countries, governmental bodies are enacting new or additional legislation and regulations to reduce or mitigate the potential impacts of climate change. If we, our suppliers, or our contract manufacturers are required to comply with these laws and regulations, or if we choose to take voluntary steps to reduce or mitigate our impact on climate change, we may experience increased costs for energy, production, transportation, and raw materials, increased capital expenditures, or increased insurance premiums and deductibles, which could adversely impact our operations. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate. There is also increased focus from our stakeholders, including consumers, employees and investors, on corporate responsibility matters. Although we have announced our corporate sustainability strategy and 2025/2030 sustainability goals on our sustainability website, [www.HBISustains.com](http://www.HBISustains.com), there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. Failure to implement our strategy or achieve our goals could damage our reputation, causing our investors or consumers to lose confidence in our company and brands, and negatively impact our operations. Even if we are able to achieve our 2025/2030 sustainability goals, our business will continue to remain subject to risks associated with climate change. The loss of one or more of our suppliers of finished goods or raw materials may interrupt our supplies and materially harm our business. We purchase all of the raw materials used in our self-manufactured products and our sourced finished goods from a limited number of third-party suppliers and manufacturers. Our ability to meet our customers' needs depends on our ability to maintain an uninterrupted supply of raw materials and finished products from our third-party suppliers and manufacturers. Our business, financial condition or results of operations could be adversely affected if any of our principal third-party suppliers or manufacturers experience financial difficulties that they are not able to overcome resulting from worldwide economic conditions, production problems, difficulties in sourcing raw materials, lack of capacity or transportation disruptions, or if for these or other reasons they raise the prices of the raw materials or finished products we purchase from them. The magnitude of this risk depends upon the timing of any interruptions, the materials or products that the third-party manufacturers provide and the volume of production. Our dependence on third parties for raw materials and finished products subjects us to the risk of supplier failure and customer dissatisfaction with the quality of our products. Quality failures by our third-party manufacturers or changes in their financial or business condition that affect their production could disrupt our ability to supply quality products to our customers and thereby materially harm our business. We rely on a relatively small number of customers for a significant portion of our sales, and the loss of or material reduction in sales to any of our top customers could have a material adverse effect on our business, results of operations, financial condition and cash flows. In 2022-2023, our top 10 customers accounted for approximately 45-49% of our total net sales. Our top customer, Walmart, accounted for 16-18% of our total net sales in 2022-2023. We expect that these customers will continue to represent a significant portion of our net sales in the future. Moreover, our top customers are the largest market participants in our primary distribution channels across all of our product lines. We generally do not enter into purchase agreements that obligate our customers to purchase our products, and as a result, most of our sales are made on a purchase order basis. A decision by any of our top customers to significantly decrease the volume of products purchased from us could substantially reduce revenues and may have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, if any of our customers devote less selling space to apparel products in general or our products specifically, our sales to those customers could be reduced even if we maintain our share of

their apparel business. Our results of operations could be materially harmed if we are unable to manage our inventory effectively and accurately forecast demand for our products. We are faced with the **constant ongoing** challenge of balancing our inventory levels with our ability to meet marketplace needs. **Factors that could affect** ~~As a result,~~ our ability to accurately forecast demand for our products **can be adversely affected by a variety of factors, include including** our ability to anticipate and respond effectively to evolving consumer preferences and trends and to translate these preferences and trends into marketable product offerings, as well as unanticipated changes in general economic conditions or other factors, which result in cancellations of orders or a reduction or increase in the rate of reorders placed by retailers. Inventory reserves can result from the complexity of our supply chain, a long manufacturing process and the seasonal nature of certain products. We sell a large number of our products to a small number of customers, and these customers generally are not required by contract to purchase our goods. As a result, we often schedule internal production and place orders for products with third- party manufacturers before our customers' orders are firm. If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of product required to meet the demand. Inventory levels in excess of consumer demand may result in inventory write- downs and the sale of excess inventory at discounted prices, which could have an adverse effect on the image and reputation of our brands and negatively impact profitability. On the other hand, if we underestimate demand for our products, our manufacturing facilities or third- party manufacturers may not be able to produce products to meet consumer requirements, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and relationships. These risks could have a material adverse effect on our brand image as well as our results of operations and financial condition. Additionally, sudden decreases in the costs for materials may result in the cost of inventory exceeding the cost of new production; if this occurs, it could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly if we hold a large amount of excess inventory. Excess inventory charges can reduce gross margins or result in operating losses, lowered plant and equipment utilization and lowered fixed operating cost absorption, all of which could have a material adverse effect on our business, results of operations, financial condition or cash flows **or our ability to satisfy certain covenants in our Senior Secured Credit Facility**. Our business depends on our senior management team and other key personnel. Our success depends upon the continued contributions of our senior management team and other key personnel, some of whom have unique talents and experience that would be difficult to replace. The loss or interruption of the services of a member of our senior management team or other key personnel could have a material adverse effect on our business during the transitional period that would be required for a successor to assume the responsibilities of the position. Our future success will also depend on our ability to develop and / or recruit employees with the core competencies needed to support our growth in global markets and in new products or services. We may not be able to attract or retain these employees, which could adversely affect our business. **Public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases have disrupted, and could in the future disrupt, our operations and materially and adversely affect our business, financial condition, and results of operations. Widespread public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases, such as the COVID- 19 pandemic, have had, and could in the future have, a material adverse effect on our business, financial condition, and results of operations. The full extent to which a global health crisis may impact our business and operating results would depend on future developments that are highly uncertain and cannot be accurately predicted, including new medical and other information that may emerge as a result and the actions by governmental entities or others to contain it or treat its impact. The impacts of a severe health crisis could pose the risk that we or our employees, suppliers, customers and others may be restricted or prevented from conducting, or adversely modify, our business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions and other actions and restrictions that may be prudent or required by governmental authorities. A global health crisis could also impact our customers' purchasing behavior or decisions, including reduced demand for our products that could continue for an extended period of time. Any or all of the foregoing in jurisdictions where we or our customers, suppliers, or operations are located have had and could in the future have a material adverse effect on our business, results of operations, cash flows, and financial condition. In addition, fluctuations in demand and other implications associated with public health emergencies have resulted in, and could in the future result in, certain supply chain constraints and challenges. The risks associated with climate change and other environmental impacts and increased focus by stakeholders on corporate responsibility issues, including those associated with climate change, could negatively affect our business and operations. Our business is susceptible to risks associated with climate change, including through disruption to our supply chain and the productivity of our contract manufacturing, potentially impacting the production and distribution of our products and availability and pricing of raw materials. Large portions of our supply chain are located in Central America and the Caribbean, where there has been a steady surge of hurricanes in recent years. Increased frequency and intensity of weather events (such as storms and floods) due to climate change could also lead to more frequent store closures and / or lost sales as customers prioritize basic needs. In many countries, governmental bodies are enacting new or additional legislation and regulations to reduce or mitigate the potential impacts of climate change. If we, our suppliers, or our contract manufacturers are required to comply with these laws and regulations, or if we choose to take voluntary steps to reduce or mitigate our impact on climate change, we may experience increased costs for energy, production, transportation, and raw materials, increased capital expenditures, or increased insurance premiums and deductibles, which could adversely impact our operations. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate. There is also increased focus from our stakeholders, including consumers, employees and investors, on corporate responsibility matters. Although we have**

**announced our corporate sustainability strategy and 2025 / 2030 sustainability goals on our sustainability website, www.hbisustains.com, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. Failure to implement our strategy or achieve our goals could damage our reputation, causing our investors or consumers to lose confidence in our company and brands, and negatively impact our operations. Even if we are able to achieve our 2025 / 2030 sustainability goals, our business will continue to remain subject to risks associated with climate change.** We had approximately 51-48,000 employees worldwide as of December 31-30, 2022-2023, and our business operations and financial performance could be adversely affected by changes in our relationship with our employees or changes to United States or foreign employment regulations. We had approximately 51-48,000 employees worldwide as of December 31-30, 2022-2023, approximately 45-43,000 of whom were outside of the United States. This means we have a significant exposure to changes in domestic and foreign laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, which likely would have a direct impact on our operating costs. A significant increase in minimum wage or overtime rates in countries where we have employees could have a significant impact on our operating costs and may require that we relocate those operations or take other steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases and lower our margins. In addition, a significant number of our international employees are represented by ~~works councils or~~ unions or are subject to trade sponsored or governmental agreements. If there were a significant increase in the number of our employees who are members of labor organizations or become parties to collective bargaining agreements, we would become vulnerable to a strike, work stoppage or other labor action by these employees that could have an adverse effect on our business. Financial Risks ~~or~~ long-term economic disruptions in markets where we sell our products, particularly in the United States, Asia Pacific or other key markets, may negatively impact and materially harm our sales, profitability and financial condition and our prospects for growth. In addition, we are unable to predict whether consumer preferences for discretionary items will shift and the level of consumer spending within our industry will be negatively impacted for a period of time as a result of **any ongoing impacts of COVID-19**, the ongoing **military** conflict in ~~Russia-Ukraine, Middle-East conflicts~~ and other economic uncertainty. If this were to occur, our sales and prospects for ~~growth may~~ Significant fluctuations and volatility in the price of various input costs, such as cotton and oil-related materials, utilities, freight and wages, may have a material adverse effect on our business, results of operations, financial condition and cash flows. Inflation can have a long-term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, we have recently experienced significant inflation in labor, materials and shipping costs. The cost of the materials that are used in our manufacturing process, such as oil-related commodities and other raw materials, including cotton, dyes and chemicals, and other costs, such as fuel, energy and utility costs, can fluctuate as a result of inflation and other factors. Similarly, a significant portion of our products are manufactured in other countries and declines in the value of the U. S. dollar may result in higher manufacturing costs. In addition, sudden decreases in the costs for materials may result in the cost of inventory exceeding the cost of new production, which could result in lower profitability, particularly if these decreases result in downward price pressure. If, in the future we incur volatility in the costs for materials and labor that we are unable to offset through price adjustments or improved efficiencies, or if our competitors' unwillingness to follow our price changes results in downward price pressure, our business, results of operations, financial condition and cash flows may be adversely affected. Our ~~business depends on consumer purchases of discretionary items, which can be negatively impacted during an economic downturn or periods of inflation. This could materially impact our sales, profitability and financial condition. Many of our products may be considered discretionary items for consumers. Many factors impact discretionary spending, including general economic conditions, unemployment, the availability of consumer credit and inflationary pressures and consumer confidence in future economic conditions. Global economic conditions may continue to be uncertain, particularly in light of the impacts of COVID-19, the ongoing military conflict in Ukraine, and other economic uncertainty, and the potential impacts of increasing inflation in the United States (our largest market) remain unknown, making trends in consumer discretionary spending unpredictable. Historically, consumer purchases of discretionary items tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may lead to declines in sales and slow our~~ **or long-term growth expectations. Any near or our** long-term economic disruptions in markets..... occur, our sales and prospects for growth may be negatively impacted ~~impacted~~ as a result of increasing pressure on pricing. Our industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to reduce our prices to retailers and consumers or engage in more promotional activity than we anticipate, which could negatively impact our margins and cause our profitability to decline if we are unable to offset price reductions with comparable reductions in our operating costs. Ongoing and sustained promotional activities could negatively impact our brand image. On the other hand, if we are unwilling to engage in promotional activity on a scale similar to that of our competitors, for instance, to protect our premium brand positioning, and unable to simultaneously offset declining promotional activity with increased sales at premium price points, our ability to achieve short-term growth targets may be negatively impacted, which could have a material adverse effect on our results of operations, financial condition and the price of our **stock**. We are subject to certain risks as a result of our indebtedness. Our indebtedness primarily includes (i) our senior secured credit facility (the "Senior Secured Credit Facility"), which includes a \$1 billion revolving loan facility **due 2026** (the "Revolving Loan Facility"), a portion of which is available to be borrowed in Euros or Australian dollars, ~~and~~ a \$1 billion term loan facility **due 2026** (the "Term Loan A Facility"), ~~and a \$900 million term loan facility due 2030 (the "2023 Term Loan B Facility")~~ (ii) our \$900-600 million **4-9. 625-000** % Senior Notes due **2024-2031** (the "4-9. 625-000 % Senior Notes"), (iii) our \$900 million **4. 875** % Senior Notes due 2026 (the "4. 875 % Senior Notes"), ~~and~~ (iv) our €500 million **3. 5** % Senior Notes due 2024 (the "3. 5 % Senior Notes", and together with the **4. 625** %

Senior Notes and the 4.875% Senior Notes, the “Senior Notes”) and (v) our accounts receivable securitization facility due 2024 (the “ARS Facility”), which permits borrowings up to \$225 million. The Senior Secured Credit Facility, as amended, contains restrictions that affect, and in some cases significantly limit or prohibit, among other things, our ability to borrow funds, pay dividends or make other distributions, make investments, engage in transactions with affiliates, or create liens on our assets. Covenants in the Senior Secured Credit Facility and the ARS Facility require us to maintain a minimum interest coverage ratio and a maximum total debt to EBITDA (earnings before interest, income taxes, depreciation expense and amortization), or leverage ratio. ~~At our option~~ **Subject to restrictions in the Senior Secured Credit facility, as amended**, we may add one or more tranches of term loans or increase the commitments under the Revolving Loan Facility **after the Extended Covenant Relief Period has ended** so long as certain conditions are satisfied, including, among others, that no default or event of default is in existence, we are in pro forma compliance with the financial covenants set forth in the Senior Secured Credit Facility and ~~(with respect to ratio-based incremental amount)~~ our senior secured leverage ratio is not greater than 3.50 to 1.00 on a pro forma basis after giving effect to the incurrence of such indebtedness. ~~The~~ **In addition, in November 2022 and in February 2023, the Company entered into amendments – amendment** to the Senior Secured Credit Facility ~~that effect~~ **effected** changes to certain provisions and covenants under the Senior Secured Credit Facility, **including changes to certain covenants and provisions that were previously amended in November 2022 and February 2023**, during the period beginning with the fiscal quarter ~~ended~~ **ending** December 31 ~~2022~~ **2023** and continuing through the fiscal quarter ending ~~March 30~~ **September 27, 2024** ~~2025~~, or such earlier date as we may elect (such period of time, the “Extended Covenant Relief Period”), including: (a) an **extension of the original Covenant Relief Period from March 30, 2024 to September 27, 2025**; (b) an increase in the maximum ~~consolidated net total~~ leverage ratio to ~~5.63~~ **5.75** to 1.00 for the ~~quarter~~ **quarters** ~~ended~~ **ending** December 31 ~~2022~~ **2023** and ~~March 30, 2024~~, ~~6.75~~ **6.63** to 1.00 for the ~~quarters ending~~ **quarters ending** June 29, 2024 and ~~September 28, 2024~~, ~~6.38~~ **6.38** to 1.00 for the ~~quarter ending~~ **quarters ending** April 1 ~~December 28, 2023~~ **2024**, ~~7.5~~ **7.5** to 1.00 for the quarter ending ~~July~~ **March 29, 2025**, ~~5.25~~ **5.25** to 1.00 for the ~~quarter ending~~ **quarters ending** June 28, ~~2023~~ **2025**, ~~6~~ **and 5.75** to 1.00 for the quarter ending ~~September 30~~ **September 27, 2023** ~~2025~~, ~~5.25~~ to 1.00 for the quarter ending ~~December 30, 2023~~, and ~~5.00~~ to 1.00 for the quarter ending ~~March 30, 2024~~, and reverting back to 4.50 to 1.00 for each quarter after the **Extended** Covenant Relief Period has ended; and ~~(b-c)~~ a reduction of the minimum interest coverage ratio ~~from 3.00 to 1.63~~ **00 to 2.60** to 1.00 for the ~~quarter~~ **quarters** ~~ended~~ **ending** December 31 ~~2022~~ **2023** and ~~through~~ **September 28, 2024**, ~~1.75~~ **1.00** for the quarter ending ~~April 1~~ **December 28, 2023** ~~2024~~, ~~2.00~~ to 1.00 for the ~~quarters ending~~ **quarters ending** July 1, 2023, ~~September 30, 2023~~ and ~~December 30, 2023~~, and ~~2.50~~ to 1.00 for the quarter ending ~~March 30~~ **29, 2024** ~~2025~~, with an increase to ~~2.75~~ **2.75** to 1.00 for ~~the quarter ending~~ **the quarter ending** June 28, ~~2025~~, and ~~2.50~~ to 1.00 for the quarter ending ~~September 27, 2025~~ and each quarter after the **Extended** Covenant Relief Period has ended. The November 2023 amendment also included the following additional baskets and restrictions: (a) an additional basket for permitted asset sales of \$60 million; (b) suspended our reinvestment rights with respect to net proceeds in respect of certain asset sales (including the additional asset sale basket described in (a) above) and casualty and condemnation events (requiring us to prepay the credit agreement term loan obligations with such net proceeds, subject to step-downs for such prepayment requirement based on the leverage ratio); (c) reduced the cap on our general lien basket from \$165 million to \$85 million during the Extended Covenant Relief Period; (d) reduced the maximum amount for incremental facilities secured by a lien to \$100 million during the Extended Covenant Relief Period; and (e) suspended the payment of annual dividends during the Extended Covenant Relief Period, which will revert back to the greater of (x) \$350 million and (y) 8.0% of Total Tangible Assets after the Extended Covenant Relief Period has ended. In addition, the November 2023 amendment increased the applicable interest rate margins and commitment fee rates based on the leverage ratio during the Extended Covenant Relief Period. Prior to the November 2023 amendment, we amended the Senior Secured Credit Facility in November 2022 and February 2023. These prior amendments included changes to certain provisions and covenants under the Senior Secured Credit Facility that were extended to September 27, 2025 but otherwise were not impacted by the November 2023 amendment, including: (a) suspension of restricted payments in connection with share repurchases; ~~(d-b)~~ suspension of restricted payments pursuant to ~~our~~ **the Company's** leverage ratio-based and “Available Amount” restricted payments baskets; ~~(c)~~ a cap on annual dividend payments of \$75 million, which will revert back to the greater of (x) \$350 million and (y) 8.0% of Total Tangible Assets after the Covenant Relief Period has ended; ~~(f-c)~~ suspension of ~~our~~ **the Company's** “Available Amount” basket for investments in foreign subsidiaries and other investments; ~~(g-d)~~ suspension of the 0.50 to 1.00 increase in the maximum permitted consolidated net total leverage ratio resulting from a material permitted acquisition; and ~~(h-e)~~ the addition of two new tiers to the top of the pricing grid if the maximum consolidated net total leverage ratio exceeds 5.00 to 1.00 and 5.50 to 1.00. In ~~conjunction with~~ **addition**, the ~~Second~~ **November 2022** ~~Amendment~~ **amendment** ~~permanently~~, we transitioned the Senior Secured Credit Facility from the London Interbank Offered Rate (“LIBOR”) to the Secured Overnight Financing Rate (“SOFR”) with a 10 basis points credit spread adjustment already included in the Senior Secured Credit Facility. ~~In addition, the Third Amendment limits the Company's ability to incur incremental secured indebtedness during the Covenant Relief Period to \$1.75 billion, subject to compliance with the financial covenants.~~ The indentures governing the Senior Notes also restrict our ability to incur additional secured indebtedness ~~in an~~ **and contain** amount that exceeds the greater of (a) \$3.0 billion or (b) the amount that would cause our consolidated secured net debt ratio to exceed 3.25 to 1.00, as well as certain other customary covenants and restrictions. These restrictions and covenants could limit our ability to obtain additional capital in the future to fund capital expenditures or acquisitions, meet our debt payment obligations and capital commitments, fund any operating losses or future development of our business affiliates, obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize our assets or conduct other necessary or prudent corporate activities. Any failure to comply with these covenants and restrictions could ~~result in~~ **impact our ability to maintain compliance with our amended financial covenants and require us to seek additional amendments to the Senior Secured Credit Facility. If we are not**

able to obtain such necessary additional amendments, this would lead to an event of default and, if not cured timely, our lenders could require us to repay our outstanding debt. In that situation, we may not be able to raise sufficient debt or equity capital indebtedness and increases the interest rate on the outstanding principal amount under such facilities, resulting in an adverse effect on our or business divest assets, to refinance or repay the lenders. The lenders under the Senior Secured Credit Facility have received a pledge of substantially all of our existing and future direct and indirect U. S. subsidiaries and certain foreign subsidiaries, with certain customary or agreed- upon exceptions for certain subsidiaries. Additionally, these lenders generally have a lien on substantially all of our assets and the assets of our U. S. subsidiaries and certain other foreign subsidiaries, with certain exceptions. The financial institutions that are party to the ARS Facility have a lien on certain of our domestic accounts receivable. As a result of these pledges and liens, if we fail to meet our payment or other obligations under the Senior Secured Credit Facility, the lenders under that facility will be entitled to foreclose on substantially all of our assets and, at their option, liquidate these assets, and if we fail to meet our repayment or other obligations under the ARS Facility, the secured parties under that facility will be entitled to take control of our accounts receivable pledged to them and all collections on those receivables, and direct our obligors to make payment on such receivables directly to the secured parties, which in each case would adversely impact the operations of our business. Borrowings under our the Senior Secured Credit Facility bear interest at a variable rate based on, at our option, either the SOFR or an alternative base rate (both as defined in the Senior Secured Credit Facility), or the appropriate SOFR benchmark for non- U. S. dollar borrowings, plus, in each case, an applicable margin that is based on our leverage ratio (as defined in the Senior Secured Credit Facility). Inability to access sufficient capital at reasonable rates or commercially reasonable terms or maintain sufficient liquidity in the amounts and at the times needed could adversely impact our business. We rely on our cash flows generated from operations and the borrowing capacity under our credit facilities Revolving Loan Facility and other external debt financings to meet the cash requirements of our business. We have significant capital requirements and will need continued access to debt capital from outside sources in order to efficiently fund the cash flow needs of our business and pursue strategic acquisitions. Although Based on our current expectations and forecasts of future earnings and cash flows, we believe we have sufficient cash and available borrowings to support our operations and key business strategies for at least the next 12 months and we currently have believe our cash flows and available credit facilities to fund borrowings, together with our current operating access to the capital markets, are sufficient to support our longer term liquidity needs as well. However, we cannot be certain that we will be able to replace our existing credit facilities or refinance our existing or future debt at a reasonable cost when necessary. The ability to have continued access to reasonably priced credit is dependent upon our current and future capital structure, financial performance, our credit ratings and general economic conditions. If we are unable to access the capital markets at a reasonable economic cost, it could have an adverse effect on our results of operations or financial condition. Due to We may be adversely impacted by the extensive nature of our foreign failure to successfully execute acquisitions and divestitures and integrate acquired operations. From time to time, and as permitted by the requirements of the agreements governing our indebtedness, we may engage in or seek to engage in strategic transactions such as acquisitions or divestitures. The success of any acquisition or divestiture depends on the Company's ability to identify opportunities that help the Company meet its strategic objectives, consummate a transaction on favorable contractual terms, and achieve expected returns and other financial or operational benefits. Acquisitions require us to integrate efficiently the acquired business or businesses, which involves a significant degree of difficulty and risk, including the following: • integrating the operations and business cultures of the acquired businesses while carrying on the ongoing operations of the businesses we operated prior to the acquisitions ; • managing a larger company than before consummation of the acquisitions ; • the possibility of faulty assumptions underlying our expectations regarding the prospects of the acquired businesses ; • coordinating a greater number of diverse businesses and businesses located in a greater number of geographic locations ; • attracting and retaining the necessary personnel associated with the acquisitions ; • creating uniform standards, controls, procedures, policies, and information systems and controlling the costs associated with such matters ; and • expectations about the performance of acquired trademarks and brands and the fair value of such trademarks and brands. Divestitures present unique financial and operational risks, including diverting management attention from the existing core business, separating personnel and financial data and other systems, impairments, and adversely affecting existing business relationships with suppliers and customers. In addition, the process of completing any acquisitions or divestitures may be time- consuming and involve significant costs and expenses, which may be significantly higher than what we anticipate and may not yield a benefit if the transactions are not completed successfully, and executing these transactions may require significant time and attention from our senior management and employees. In situations where acquisitions or divestitures are not successfully implemented or completed, or the expected benefits of such acquisitions or divestitures are not otherwise realized, the Company's business or financial results could be negatively impacted. Fluctuations Fluctuations in foreign currency exchange rates and interest rates could negatively impact our results of operations. A significant percentage of our total revenues (approximately 31 % in 2022-2023) is derived from markets outside the United States. We sell a majority of our products in transactions denominated in U. S. dollars; however, we purchase many of our raw materials, pay a portion of our wages and make other payments to participants in our supply chain in foreign currencies. As a result, when the U. S. dollar weakens against any of these currencies, our cost of sales could increase substantially. Outside the United States, we may pay for materials or finished products in U. S. dollars, and in some cases a strengthening of the U. S. dollar could effectively increase our costs where we use foreign currency to purchase the U. S. dollars we need to make such payments. Changes in foreign currency exchange rates could have an adverse impact on our financial condition, results of operations and cash flows. We are also exposed to gains and losses resulting from the effect that fluctuations in foreign currency exchange rates have on the reported results in our consolidated financial statements due to the translation of operating results and financial position of our foreign subsidiaries. A significant portion of our debt (55 % of our total debt outstanding as of December 30, 2023) bears interest at variable rates. As a result, we are exposed to

**changes in market interest rates that could impact the cost of servicing our debt. Changes in interest rates could have an adverse impact on our financial condition, results of operations and cash flows.** We use forward foreign exchange contracts ~~and have used~~ cross- currency swap contracts ~~and nonderivative financial instruments~~ to hedge material exposure to adverse changes in foreign currency exchange rates. **In addition, we use interest rate contracts to hedge a portion of our variable interest payments on our debt that could impact the cost of servicing our debt.** However, no hedging strategy can completely insulate us from foreign exchange ~~and interest rate~~ risk. Our balance sheet includes a significant amount of intangible assets and goodwill. A decline in the estimated fair value of an intangible asset or of a business unit could result in an asset impairment charge, which would be recorded as a noncash expense in our Consolidated Statements of ~~Income Operations~~. Goodwill, trademarks and other identifiable intangible assets must be tested for impairment at least annually. The fair value of the goodwill assigned to a business unit could decline if projected revenues or cash flows were to be lower in the future due to effects of the global economy or other causes. If the carrying value of intangible assets or of goodwill were to exceed its estimated fair value, the asset would be written down to its fair value, with the impairment loss recognized as a noncash charge in the Consolidated Statements of ~~Income Operations~~. As of December ~~31-30, 2022-2023~~, we had approximately \$ 1. 1 billion of goodwill and \$ 1. ~~3-2~~ billion of trademarks and other identifiable intangible assets on our balance sheet, which together represent ~~36-42~~ % of our total assets. No impairment was identified in ~~2022-2023~~. **However, we noted meaningful declines in the fair value cushion above the carrying value for three reporting units. The decline in the U. S. Activewear reporting unit fair value cushion was driven by the continued challenging activewear market dynamics and the impact of continued strategic actions geared toward improving Champion’ s brand position, regaining momentum and positioning the business for long- term profitable growth through a more disciplined product and channel segmentation approach, a shift in mix and assortment changes, which continue to weigh on the reporting unit’ s financial results and resulted in a fair value that exceeded the carrying value by less than 10 % at the time the analysis was performed. The decline in the fair value cushions of the Champion Europe and Australia reporting units was primarily driven by continued macroeconomic pressures impacting consumer spending which resulted in fair value cushions that exceeded their carrying values by less than 15 % at the time the analysis was performed. As a result, the goodwill associated with these three reporting units was considered to be at a higher risk for future impairment if economic conditions worsen or reporting unit earnings and operating cash flows do not recover as currently estimated by management. As of December 30, 2023, the combined goodwill associated with these three reporting units was approximately \$ 685 million.** Changes in the future outlook of a business unit could result in an impairment loss, which could have a material adverse effect on our results of operations and financial condition. Market returns could have a negative impact on the return on plan assets for our pension, which may require significant funding. The plan assets of our pension plans, which had a **gain of approximately 8 % during 2023 and a** loss of approximately 10 % during 2022 ~~and a return of approximately 8 % during 2021~~, are invested mainly in domestic and international equities, bonds, hedge funds and real estate. We are unable to predict the variations in asset values or the severity or duration of any disruptions in the financial markets or adverse economic conditions in the United States, Europe and Asia. The funded status of these plans, and the related cost reflected in our consolidated financial statements, are affected by various factors that are subject to an inherent degree of uncertainty, particularly in the current economic environment. Under the Pension Protection Act of 2006 (the “ Pension Protection Act ”), losses of asset values may necessitate increased funding of the plans in the future to meet minimum federal government requirements. Under the Pension Protection Act funding rules, our U. S. qualified pension plans are approximately ~~96-93~~ % funded as of December 1, ~~2022-2023~~. Any downward pressure on the asset values of these plans **would increase our pension expense, which** may require us to fund obligations earlier than we had originally planned ~~, which would increase our pension expense~~ and have a negative impact on cash flows from operations. ~~Our profitability may decline or our growth.....~~ financial results could be negatively impacted. Legal, Tax, Compliance, Reputational and Other Risks Our operations in international markets, and our earnings in those markets, may be affected by legal, regulatory, political and economic risks. During ~~2022-2023~~, net sales from our International segment were \$ 1. ~~9-7~~ billion, representing approximately 31 % of total net sales. In addition, a significant amount of our manufacturing and production operations are located, or our products are sourced from, outside the United States. As a result, our business is subject to risks associated with international operations. These risks include the burdens of complying with foreign laws and regulations, unexpected changes in tariffs, taxes or regulatory requirements, and political unrest and corruption. Regulatory changes could limit the countries in which we sell, produce or source our products or significantly increase the cost of operating in or obtaining materials originating from certain countries. Restrictions imposed by such changes can have a particular impact on our business when, after we have moved our operations to a particular location, new unfavorable regulations are enacted in that area or favorable regulations currently in effect are changed. Countries in which our products are manufactured or sold may from time to time impose additional new regulations, or modify existing regulations, including: • changes in duties, taxes, tariffs and other charges on imports; • limitations on the quantity of goods which may be imported into the United States from a particular country; • requirements as to where products and / or inputs are manufactured or sourced; • creation of export licensing requirements, imposition of restrictions on export quantities or specification of minimum export pricing and / or export prices or duties; • limitations on foreign owned businesses; or • government actions to cancel contracts, re- denominate the official currency, renounce or default on obligations, renegotiate terms unilaterally or expropriate assets. In addition, political and economic changes or volatility, geopolitical regional conflicts, **including the Russia- Ukraine conflict and Middle East conflicts,** terrorist activity , **piracy or other disruption of critical supply routes** , political unrest, civil strife, acts of war, public corruption and other economic or political uncertainties could interrupt and negatively affect our business operations. All of these factors could result in increased costs or decreased revenues and could materially and adversely affect our product sales, financial condition and results of operations. We are also subject to the United States Foreign Corrupt Practices Act, in addition to the anti- corruption laws of the foreign countries in which we operate. Although we implement policies and procedures



designed to promote compliance with these laws, our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation could result in sanctions or other penalties and have an adverse effect on our business, reputation and operating results. The recent imposition of tariffs and / or increase in tariffs on various products by the United States and other countries have introduced greater uncertainty with respect to trade policies and government regulations affecting trade between the United States and other countries. Furthermore, it is possible that other forms of trade restriction, including tariffs, quotas and customs restrictions, will be put into place in the United States or in countries from which we source our materials or finished products. We cannot predict whether any of the countries in which our merchandise currently is manufactured or may be manufactured in the future will be subject to additional trade restrictions imposed by the United States or other foreign governments, including the likelihood, type, or effect of any such restrictions. Any of these actions, if ultimately enacted, could adversely affect our results of operations or profitability. Further, any emerging nationalist trends in specific countries could alter the trade environment and consumer purchasing behavior which, in turn, could have a material effect on our financial condition and results of operations ~~stock~~. The success of our business is tied to the strength and reputation of our brands. If the reputation of one or more of our brands erodes significantly, it could have a material impact on our financial results. Many of our brands have worldwide recognition, and our financial success is directly dependent on the success of our brands. The success of a brand can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our results could also be negatively impacted if one of our brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation or the sale of counterfeit products. For example, biotechnology-derived substances, such as bisphenol A ("BPA") is listed as a hazardous chemical under California's Safe Water and Toxic Environment Act and we have ~~recently~~ been named in ~~a two lawsuit lawsuits~~ concerning the presence of BPA in certain of our products. To that end, any additional actual or threatened legal actions against us or other companies in our industry regarding the alleged presence of BPA or other similar substances in our products, whether or not justified, could contribute to a perceived safety risk about our products and adversely impact sales or otherwise disrupt our business. Brand value could diminish significantly due to a number of factors, including changing consumer attitudes regarding social issues and consumer perception that we have acted in an irresponsible manner. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative or inaccurate postings or comments on social media or networking websites about our company, its practices or one of its brands could generate adverse publicity that could damage the reputation of our brands. We also license some of our important trademarks to third parties. For example, we license Champion to third parties for athletic-oriented accessories. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees may not be in full compliance with those mechanisms and obligations. If the reputation of one or more of our brands is significantly eroded, it could adversely affect our sales, results of operations, cash flows and **financial condition**. We have a complex multinational tax structure, and changes in effective tax rates or adverse outcomes resulting from examination of our income tax returns could impact our capital deployment strategy and adversely affect our results. We have a complex multinational tax structure with multiple types of intercompany transactions, and our allocation of profits and losses among us and our subsidiaries through our intercompany transfer pricing agreements is subject to review by the Internal Revenue Service and other tax authorities. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws, regulations, accounting principles or interpretations thereof. We are continuously evaluating our capital allocation strategies in an effort to maximize shareholder value, which includes maintaining appropriate debt to earnings ratios, and as a result there may be times where we need to reevaluate our plans to permanently reinvest certain unremitted foreign earnings which may increase or decrease our income tax expense during periods of change. In addition, we are also subject to the continuous examination of our income tax returns and related transfer pricing documentation by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these examinations will not have an adverse effect on our operating results and financial condition. Additionally, changes in tax laws, regulations, future jurisdictional profitability of us and our subsidiaries, and related regulatory interpretations in the countries in which we operate may impact the taxes we pay or tax provision we record, as well as our capital deployment strategy, which could adversely affect our results of operations. Our effective tax rate could be volatile and materially change as a result of the adoption of new tax legislation and other factors including mix of earnings in countries with lower or higher effective tax rates. A change in tax laws is one of many factors that impact our effective tax rate. The U. S. Congress and other government agencies in jurisdictions where we do business have had an extended focus on issues related to the taxation of multinational corporations. As a result, the tax laws in the U. S. and other countries in which we do business could change, and any such changes could adversely impact our effective tax rate, financial condition and results of operations. The Organization for Economic Cooperation and Development (the "OECD"), an international association of 38 countries including the United States, has proposed changes to numerous long-standing tax principles, including a global minimum tax initiative. On December 12, 2022, the European Union member states agreed to implement the OECD's Pillar 2 global corporate minimum tax rate of 15% on companies with revenues of at least \$ 790 million, which would go into effect in 2024. **While Other- there is uncertainty whether the U. S. will enact legislation to adopt Pillar 2, certain countries including in which we operate have adopted legislation, and the other countries United Kingdom, Switzerland, Canada and Australia are in also actively considering changes to their-- the process tax laws to adopt certain parts of the OECD's proposals introducing legislation to implement Pillar 2.** The ~~company~~ **Company** will continue to monitor the developing laws. In August 2022, the U. S. enacted the Inflation Reduction Act of 2022 ("IR Act"), which, among other things, introduces a 15% minimum tax based on adjusted financial

statement income of certain large corporations with a three year average adjusted financial statement income in excess of \$ 1 billion, a 1 % excise tax on the fair market stock repurchases by covered corporations and several tax incentives to promote clean energy. The Company is continuing to evaluate the IR Act and its potential impact on future periods, and at this time the Company does not expect the IR Act to have a material impact on its consolidated financial statements significantly. **Our reputation, its ability to do business and results of operations could be impaired by improper conduct by any of our employees, agents or business partners. Our business is subject to federal, state, local and international laws, rules and regulations, such as state and local wage and hour laws, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the False Claims Act, the U.S. Employee Retirement Income Security Act, the Global Data Protection Regulation, securities laws, import and export laws (including customs regulations), unclaimed property laws and many others. We cannot provide assurance our internal controls will always protect us from the improper conduct of our employees, agents and business partners. Any violations of law or improper conduct could damage our reputation and, depending on the circumstances, subject us to, among other things, civil and criminal penalties, material fines, equitable remedies (including profit disgorgement and injunctions on future conduct), securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business prospects, financial results.** Many of our brands have worldwide recognition --- **condition** and our financial success is directly dependent on the success of our brands. The success of a brand can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our results could also be negatively impacted if one of our brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation or the sale of counterfeit products. For example, biotechnology-derived substances, such as bisphenol A ("BPA") is listed as a hazardous chemical under California's Safe Water and Toxic Environment Act and we have recently been named in a lawsuit concerning the presence of BPA in certain of our products. To that end, any additional actual or threatened legal actions against us or other companies in our industry regarding the alleged presence of BPA or other similar substances in our products, whether or not justified, could contribute to a perceived safety risk about our products and adversely impact sales or otherwise disrupt our business. Brand value could diminish significantly due to a number of factors, including changing consumer attitudes regarding social issues and consumer perception that we have acted in an irresponsible manner. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative or inaccurate postings or comments on social media or networking websites about our company, its practices or one of its brands could generate adverse publicity that could damage the reputation of our brands. We also license some of our important trademarks to third parties. For example, we license Champion to third parties for athletic-oriented accessories. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees may not be in full compliance with those mechanisms and obligations. If the reputation of one or more of our brands is significantly eroded, it could adversely affect our sales, results of operations, cash flows, and financial condition **the market value of our stock. We may suffer negative publicity if we or our third-party manufacturers violate labor laws or engage in practices that are viewed as unethical or illegal, which could cause a loss of business. We cannot fully control the business and labor practices of our third-party manufacturers, the majority of whom are located in Asia, Central America and the Caribbean Basin. If one of our own manufacturing operations or one of our third-party manufacturers violates or is accused of violating local or international labor laws or other applicable regulations, or engages in labor or other practices that would be viewed in any market in which our products are sold as unethical, we could suffer negative publicity, which could tarnish our brands' image or result in a loss of sales. In addition, if such negative publicity affected one of our customers, it could result in a loss of business for us.** We design, manufacture, source and sell products under trademarks that are licensed from third parties. If any licensor takes actions related to their trademarks that would cause their brands or our company reputational harm, our business may be adversely affected. We design, manufacture, source and sell a number of our products under trademarks that are licensed from third parties, such as our Polo Ralph Lauren men's underwear. Because we do not control the brands licensed to us, our licensors could make changes to their brands or business models that could result in a significant downturn in a brand's business, adversely affecting our sales and results of operations. If any licensor engages in behavior with respect to the licensed marks that would cause us reputational harm, or if any of the brands licensed to us violates the trademark rights of another or are deemed to be invalid or unenforceable, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations, and we may be required to expend significant amounts on public relations, advertising and, possibly, legal fees. If we are unable to protect our intellectual property rights, our business may be adversely affected. Our trademarks are important to our marketing efforts and have substantial value. We aggressively protect these trademarks **and other intellectual property rights** from infringement and dilution through appropriate measures, including court actions and administrative proceedings. We are susceptible to others imitating our products and infringing our intellectual property rights. Infringement or counterfeiting of our products could diminish the value of our brands or otherwise adversely affect our business. Actions we have taken to establish and protect our intellectual property rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, unilateral actions in the United States or other countries, such as changes to or the repeal of laws recognizing trademark or other intellectual property rights, could have an impact on our ability to enforce those rights. The value of our intellectual property could diminish if others assert rights in, or ownership of, our trademarks and other intellectual property rights. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our trademarks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar trademarks. We are from time to time involved in opposition and cancellation proceedings with respect to some items of our intellectual property. Our balance

sheet includes a significant amount of deferred taxes. Changes in our effective tax rate or tax liability may adversely affect our operating results. Significant gross deferred tax assets exist on our books and have been reduced by a valuation allowance. Deferred tax assets relate to temporary differences (differences between the assets and liabilities in the consolidated financial statements and the assets and liabilities in the calculation of taxable income) including net operating losses. The recognition of deferred tax assets is reduced by a valuation allowance if it is more likely than not that the tax benefits associated with the deferred tax assets will not be realized. Changes in existing valuation allowances and changes in effective tax rates and the assumptions and estimates we have made in jurisdictions with no valuation allowance, as well as our ability to generate sufficient future taxable income in certain jurisdictions, could materially affect our tax obligations or effective tax rate, which could negatively affect our financial condition and results of operations. See Note “ Income Taxes ” to our consolidated financial statements included in this Annual Report on Form 10- K regarding deferred tax assets and associated valuation allowances recorded in 2022-2023. Our reputation, ability to do..... in a loss of business for us . Anti- takeover provisions of our charter and bylaws, as well as Maryland law, may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable. Our charter permits our Board of Directors, with the approval of a majority of the entire Board and without stockholder approval, to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have the authority to issue. In addition, our Board of Directors may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and other terms and conditions of the classified or reclassified shares. Our Board of Directors could establish a series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. Our charter also provides that a director may be removed at any time, but only for cause, as defined in our charter, and then only by the affirmative vote of at least two thirds of the votes entitled to be cast generally in the election of directors. We have also elected to be subject to certain provisions of Maryland law that provide that any and all vacancies on our Board of Directors may only be filled by the affirmative vote of a majority of our remaining directors in office, even if they do not constitute a quorum, and that any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred. Under Maryland law, our Board of Directors also is permitted, without stockholder approval, to implement a classified board structure at any time. Our bylaws provide that nominations of persons for election to our Board of Directors and the proposal of business to be considered at a stockholders meeting may be made only in the notice of the meeting, by or at the direction of our Board of Directors or by a stockholder who was a stockholder of record both at the time of giving notice by the stockholder in accordance with the advance notice procedures of our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting and has complied with the advance notice procedures of our bylaws. Also, under Maryland law, business combinations between us and an interested stockholder or an affiliate of an interested stockholder, including mergers, consolidations, share exchanges or, in circumstances specified in the statute, asset transfers or issuances or reclassifications of equity securities, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An interested stockholder includes any person who beneficially owns 10 % or more of the then-outstanding voting power of our stock or any affiliate or associate of ours who, at any time within the two- year period prior to the date in question, was the beneficial owner of 10 % or more of the then- outstanding voting power of our stock. A person is not an interested stockholder under the statute if our Board of Directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, our Board of Directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our Board. After the five- year prohibition, any business combination between us and an interested stockholder generally must be recommended by our Board of Directors and approved by two supermajority votes or our common stockholders must receive a minimum price, as defined under Maryland law, for their shares. The statute permits various other exemptions from its provisions. These and other provisions of Maryland law or our charter and bylaws could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be considered favorably by our stockholders. Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions, including derivative actions, which could limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company and its directors, officers, other employees, or the Company’ s stockholders and may discourage lawsuits with respect to such claims. Unless we consent in writing to the selection of an alternative forum, our bylaws provide that the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of any duty owed by any current or former director, officer, employee, stockholder or agent of the Company to the Company or to the stockholders of the Company, (c) any action asserting a claim against the Company or any of its current or former directors, officers, employees, stockholders or agents arising pursuant to any provision of the Maryland General Corporate Law or the Company’ s Charter or Bylaws, or (d) any action asserting a claim against the Company or any of its current or former directors, officers, employees, stockholders or agents that is governed by the internal affairs doctrine, shall, to the fullest extent permitted by law, be the Circuit Court for Baltimore City, Maryland (or, if that Court does not have jurisdiction, the United States District court for the District of Maryland, Northern Division). However, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and as such, the exclusive jurisdiction clauses set forth above would not apply to such suits. Furthermore, Section 22 of the Securities Act provides for 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, and as such, the exclusive jurisdiction clauses set forth above would not apply to such suits. Although we believe the exclusive forum provision benefits us by providing increased consistency in the application of

Maryland law for the specified types of actions and proceedings, this provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company and its directors, officers, or other employees and may discourage lawsuits with respect to such claims. General Risk Factors Economic conditions may adversely impact demand for our products, reduce access to credit and cause our customers, suppliers and other business partners to suffer financial hardship, all of which could adversely impact our business, results of operations, financial condition and cash flows. Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, our sales are impacted by discretionary spending by consumers. Discretionary spending is affected by many factors that are outside of our control, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, energy prices, unemployment trends and other matters that influence consumer confidence and spending. Reduced sales at our wholesale customers may lead to lower retail inventory levels, reduced orders to us or order cancellations. These lower sales volumes, along with the possibility of restrictions on access to the credit markets, may result in our customers experiencing financial difficulties including store closures, bankruptcies or liquidations. This may result in higher credit risk relating to receivables from our customers who are experiencing these financial difficulties. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, economic conditions, including decreased access to credit, may result in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our suppliers of raw materials and finished goods, logistics and other service providers and financial institutions which are counterparties to our credit facilities and derivatives transactions. In addition, the inability of these third parties to overcome these difficulties may increase. If third parties on which we rely for raw materials, finished goods or services are unable to overcome financial difficulties and provide us with the materials and services we need, or if counterparties to our credit facilities or derivatives transactions do not perform their obligations, our business, results of operations, financial condition and cash flows could be adversely affected. There can be no assurance that we will choose to declare or be able to declare cash dividends in the future. ~~Our~~ **In January 2023, our** Board of Directors ~~has recently~~ eliminated its prior dividend policy pursuant to which we have historically paid a cash dividend on our common stock on a quarterly basis in order to direct free cash flow toward reducing our debt. The declaration and payment of any dividend in the future will be subject to the approval of our Board of Directors and our dividend may thereafter be discontinued or reduced at any time. Our Board of Directors regularly evaluates our capital allocation strategy and dividend policy, and any future determination to continue to pay dividends, and the amount of such dividends, will be at the discretion of our Board of Directors. Our ability to pay cash dividends is also limited by restrictions or limitations on our ability to obtain sufficient funds through dividends from subsidiaries, as well as by contractual restrictions, including the requirements of the agreements governing our indebtedness. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all. **Economic conditions may adversely impact demand for..... cash flows could be adversely affected.** We may be adversely affected by unseasonal or severe weather conditions. Our business may be adversely affected by unseasonable or severe weather conditions. Periods of unseasonably warm weather in the fall or winter, or periods of unseasonably cool and wet weather in the spring or summer, can negatively impact retail traffic and consumer spending. In addition, severe weather events such as snowstorms or hurricanes typically lead to temporarily reduced retail traffic. Any of these conditions could result in negative point-of-sale trends for our merchandise and reduced replenishment shipments to our wholesale customers. Item 1B. Unresolved Staff Comments