**Risk Factors Comparison 2024-03-12 to 2023-03-09 Form: 10-K**

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

We are subject to a variety of risks and uncertainties. The following is a summary of the principal risks that we deem material to an investment in our common stock, all of which are more fully described in, and should be read in conjunction with, Item 1A. " Risk Factors " in this Annual Report on Form 10- K. Macroeconomic risks • The Company' s business may be materially adversely affected by market conditions and by global and economic conditions and other factors beyond its control. • The Company' s results of operations could be negatively impacted by inflation or deflation in supply chain costs, including raw materials, sourcing, transportation and energy, and other price fluctuations caused by factors beyond its control ~~. The Company may be materially adversely affected by the exit of the U. K. from the European Union~~ . • The Company' s business may be materially adversely affected by the imposition of tariffs and other trade policies implemented by the U. S. and other governments. • Legislative or regulatory initiatives related to climate change could have a material adverse effect on our business. • The Company' s ability to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by macroeconomic and company- specific events, as well as the financial condition of insurers. ~~• The Company must successfully manage the demand, supply, and operational challenges associated with the actual or perceived effects of the ongoing COVID- 19 pandemic and any other future widespread outbreak of illness or other health issue. Any failure to do so could have a material adverse impact on the Company' s business, financial condition, results of operations, cash flows, and competitive position.~~ Liquidity and financial risks • The Company has substantial indebtedness and the highly seasonal nature of the Company' s business impacts its borrowing needs. • The Company' s failure to meet certain covenants or comply with other requirements of its Debt Agreements (as defined below) may materially and adversely affect the Company' s assets, financial position and cash flows. • The Company' s borrowings are subject to interest rate fluctuations and an increase in interest rates could adversely affect the Company' s financial results ~~. • The replacement of the LIBOR benchmark interest rate with SOFR could increase the Company' s borrowing costs~~ . • The Company' s inability to complete future acquisitions or strategic alliances and / or integrate acquired businesses could have a material adverse effect on the Company' s business and results of operations. • Foreign exchange variability and currency controls could materially adversely affect the Company' s operating results and financial condition. • The Company' s business requires it to maintain large fixed costs that can affect its profitability. • Cost reduction efforts may not be successful and restructuring benefits may not be realized. • If the Company' s goodwill or other long- term assets become impaired, the Company will be required to record impairment charges, which may be significant. • The Company' s projections of product demand, sales and net income are highly subjective in nature and the Company' s future sales and net income could vary materially from the Company' s projections. • Increases in the cost of employee benefits could materially adversely impact the Company' s financial results and cash flows. Customer risks • The Company faces intense competition from other companies worldwide and if the Company is unable to compete successfully, the Company' s business, results of operations and financial condition could be materially and adversely affected. • Changes in the Company' s customer purchasing practices could materially adversely affect the Company' s operating results. • Changes at the Company' s large customers, or actions taken by them, and consolidation in the retail industry could materially adversely affect the Company' s operating results. • The rapidly changing retail environment could result in the loss of, or a material reduction in, sales to the Company' s brick- and- mortar customers, which could materially adversely affect the Company' s business, results of operations, financial condition and cash flows. • Demand for new products and the inability to develop and introduce new competitive products at favorable profit margins could adversely affect the Company' s performance and prospects for future growth. Supply chain risks • The Company' s reliance on international suppliers subjects the Company to regional regulatory, man- made or natural disasters, health epidemics, political or military conflicts, **and** economic and foreign currency exchange risk that could materially and adversely affect the Company' s operating results. • The Company' s international trade activity subjects it to transportation risks. • The Company depends on third- party manufacturers to produce the majority of its products, which presents quality control risks to the Company. • The Company' s product costs are subject to price fluctuation. Intellectual property risks • The loss of certain licenses or material changes in royalty rates could materially adversely affect the Company' s operating margin and cash flow. • The Company may not be able to adequately establish or protect its intellectual property rights, and the infringement or loss of the Company' s intellectual property rights could harm its business. • If the Company is unable to protect the confidentiality of its proprietary information and know- how, the value of the Company' s technology, products and services could be harmed significantly. • The Company' s brands are subject to reputational risks and damage to the Company' s brands or reputation could adversely affect its business. Operational and regulatory risks • Interruptions in the Company' s operations caused by outside forces could cause material losses. • The Company' s international operations present special challenges that the Company may not be able to meet, and this could materially and adversely affect the Company' s financial results. • The Company operates in a regulated environment that imposes significant compliance requirements. Non- compliance with these requirements could subject the Company to sanctions and materially adversely affect the Company' s business. • New and future laws and regulations governing the Internet and e- commerce could have a material adverse effect on the Company' s business, results of operations and financial condition. • Climate change, environmental, social and governance and sustainability initiatives may result in regulatory or structural industry changes that could require significant operational changes and expenditures, reduce demand for the Company' s products and adversely affect our business, financial condition, and results of operations. A failure in or compromise of the Company' s operating systems or infrastructure or those of third parties could disrupt the Company' s business and cause losses. • The Company is subject to cyber security and ransomware risks and may incur increasing costs in efforts to minimize those risks and to comply with regulatory standards. • The Company sells consumer products which involve an inherent risk of product liability claims. • The Company may incur material costs due to environmental liabilities which could have a material adverse effect on the Company' s business, financial condition and results of operations. • The Company' s executives and other key employees are critical to the Company' s success. The loss of and / or failure to attract and maintain its highly skilled employees could adversely affect the Company' s business. • As a result of the Company' s acquisition of Filament, Taylor Parent has significant influence over the Company and its interests may conflict with the Company' s or **those of** its stockholders in the future. WHERE YOU CAN FIND OTHER INFORMATION The Company is required to file its Annual Reports on Forms 10- K, Quarterly Reports on Forms 10- Q, Current Reports on Form 8- K, and other reports and documents as required from time to time with the United States Securities and Exchange Commission (the " SEC "). The Company also maintains a website at http: / / www. lifetimebrands. com. Information contained on this website is not a part of or incorporated by reference into this Annual Report. The Company makes available on its website the Company' s Annual Report on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K and amendments to these reports as soon as reasonably practicable after these reports are filed with or furnished to the SEC. Users can access these reports free of charge on the Company' s website. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding the Company' s electronic filings with the SEC at http: / / www. sec. gov. The Company intends to use its website as a means of disclosing material non- public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included on the Company' s website in the ' Investor Relations' section. Accordingly, investors should monitor such portion of the Company' s website, in addition to following the Company' s press releases, SEC filings and public conference calls and webcasts. PART I Item 1. Business OVERVIEW The Company designs, sources and sells branded kitchenware, tableware and other products used in the home and markets its products under a number of widely- recognized brand names and trademarks, which are either owned or licensed by the Company or through retailers' private labels and their licensed brands. The Company' s products, which are targeted primarily towards consumers purchasing moderately priced kitchenware, tableware and housewares, are sold through virtually every major level of trade. The Company generally markets several lines within each of its product categories under more than one brand. The Company sells its products directly to retailers (who may resell the Company' s products through their websites) and, to a lesser extent, to distributors. The Company also sells a limited selection of its products directly to consumers through its own websites. The Company' s product categories include two categories of products used to prepare, serve and consume foods, Kitchenware (kitchen tools and gadgets, cutlery, kitchen scales, thermometers, cutting boards, shears, cookware, pantryware, spice racks and bakeware) and Tableware (dinnerware, stemware, flatware and giftware); and one category, Home Solutions, which comprises other products used in the home (thermal beverageware, bath scales, weather and outdoor household products, food storage, neoprene travel products and home décor). The Company continually evaluates opportunities to expand the reach of its brands and to invest in other companies, both foreign and domestic, that own or license complementary brands. The Company has a presence in international markets through subsidiaries and affiliate companies that are based outside of the United States. Lifetime Brands Europe Limited is a wholly- owned subsidiary doing business as Kitchen Craft. Kitchen Craft is a leading supplier of kitchenware and tableware products and accessories in the United Kingdom (" U. K. ") and in over 80 other countries. ~~In 2020, the Company completed its consolidation efforts of~~ Lifetime Brands Europe Limited ~~to create operational efficiencies. As a result, Lifetime Brands Europe Limited~~ ' s brand development and design teams, administrative teams, and distribution operate out of ~~one~~ **a** state of the art facility in Aston, England. The Company also has a subsidiary in the People' s Republic of China (" China ") to supply kitchenware and tableware products to the Chinese market and a subsidiary based in Hong Kong to facilitate the sale of its products to **Australia,** other parts of Asia and smaller markets elsewhere in the world. The Company has a presence in **Canada** ~~Mexico and other parts of Latin America (excluding Brazil)~~ through ~~its 24. 7 % equity interest in Grupo Vasconia, S. A. B. (" Vasconia "), a housewares company and aluminum manufacturer based in Mexico, and~~ a strategic alliance with a Canadian company to distribute many of the Company' s products in Canada. The Company is a Delaware corporation, incorporated on December 22, 1983. The Company' s top brands and their respective product categories as of December 31, ~~2022~~ **2023** are: BrandLicensed / OwnedProduct CategoryFarberware ® Licensed (1) **KitchenwareKitchenAid ®** ~~KitchenwareMikasa~~ **LicensedKitchenwareMikasa** ® OwnedTableware and Home **SolutionsTaylor** ~~SolutionsKitchenAid ® LicensedKitchenwareTaylor~~ ® OwnedKitchenware and Home **SolutionsPfaltzgraff** ~~SolutionsRabbit ® OwnedKitchenwarePfaltzgraff~~ ® OwnedKitchenware, Tableware and Home SolutionsBUILT NY ® OwnedHome **SolutionsS** ~~SolutionsSabatier ® Licensed KitchenwareFred ® & FriendsOwnedKitchenwareKamenstein ® OwnedKitchenwareS~~ ' well ® OwnedHome ~~Solutions~~ **SolutionsFred ® & FriendsOwnedKitchenwareKitchenCraft ® OwnedKitchenwareRabbit ® OwnedKitchenwareKamenstein ® OwnedKitchenware** (1) The Company has a royalty free license to utilize the Farberware ® brand, primarily for its kitchenware products, for a term that expires in 2195, subject to earlier termination under certain circumstances. With the exception of the Company' s sterling silver products, the Company sources almost all of its products from suppliers located outside the United States, primarily in China. The Company manufactures its sterling silver products at a leased facility in San Germán, Puerto Rico and fills canisters with spices and assembles spice racks at its owned distribution facility in Winchendon, Massachusetts. BUSINESS SEGMENTS The Company has two reportable operating segments, U. S. and International. The U. S. segment includes the domestic operations of the Company' s business that design, market and distribute its products to retailers, distributors and directly to consumers through retail websites. The International segment consists of certain business operations conducted outside the U. S. Additional information regarding the Company' s reportable segments is included in NOTE 13 — BUSINESS SEGMENTS of the Notes to the consolidated financial statements included in Item 15. CUSTOMERS The Company' s wholesale customers include mass market merchants, specialty stores, ~~commercial stores,~~ department stores, warehouse clubs, grocery stores, off- price retailers, food service distributors, ~~pharmacies,~~ food and beverage outlets **, corporate sales** and e- commerce. The Company' s products are sold globally to a diverse customer base including mass market merchants (such as Walmart and Target), specialty stores (such as ~~Bed Bath & Beyond and Dunelm), commercial stores (such as~~ Williams Sonoma and **Dunelm** ~~Kohl' s~~ ), department stores (such as Macy' s, **Kohl' s and** Belk ~~and John Lewis~~ ), warehouse clubs (such as Costco, ~~Sam' s Club~~ and BJs), grocery stores (such as Publix, Kroger, ~~HEB,~~ Meijer, **and** Winn- Dixie ~~, Tesco, Waitrose and Sainsbury' s~~ ), off- price retailers (such as TJX Companies, Ross Stores and Big Lots), food service distributors (such as US Foods, Clark Food Service and Jetro), food and beverage outlets (such as Starbucks) and e- commerce (such as Amazon). The Company also does business with independent retailers, including through business- to- business websites aimed at independent retailers. The Company also operates its own consumer websites that provide information about the Company' s products and offer consumers the opportunity to purchase a limited selection of the Company' s products directly. During the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , Wal- Mart Stores, Inc., including Sam' s Club ~~and, in the U. K., Asda Superstore~~ , (" Walmart "), accounted for **21 %,** 19 % ~~,~~ **and** 18 ~~% and 20~~ % of consolidated net sales, respectively. During the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , sales to Costco Wholesale Corporation (" Costco ") accounted for **11 %,** 13 %, **and** 12 ~~%, and 11~~ % of consolidated net sales. During the year ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , Amazon. com Inc., (" Amazon "), accounted for 11 %, **11 % and** 12 ~~% and 10~~ % of consolidated net sales. Sales to ~~Walmart,~~ Costco and Amazon are included in the Company ~~'~~ **'** s U. S. and International segments. No other customers accounted for 10 % or more of the Company' s sales during these periods. DISTRIBUTION The Company sells its products directly to retailers and, to a lesser extent, to distributors. The Company also sells a limited quantity of the Company' s products to individual consumers and smaller retailers through its own websites. The Company operates distribution facilities at the following locations: LocationSize (square feet) Rialto, California703, 000 Robbinsville, New Jersey700, 000 Aston, England228, 000 Winchendon, Massachusetts175, 000 Las Cruces, New Mexico47, 000 Medford, Massachusetts5, 600 Additionally, the Company uses third- party operated distribution facilities to supplement its distribution capacity, including a major distribution facility located in Rotterdam, Netherlands. As of December 31, ~~2022~~ **2023** , the Company occupied 27, 000 square feet of this facility. SALES AND MARKETING The Company' s sales and marketing staff coordinates directly with its wholesale customers to devise marketing strategies and merchandising concepts and to furnish advice on advertising and product promotion. The Company has developed many promotional programs for use in the ordinary course of business to promote sales throughout the year. The Company' s sales and marketing efforts are supported from its principal office and showroom in Garden City, New York, as well as showrooms in New York, New York; Medford, Massachusetts; Atlanta, Georgia; Bentonville, Arkansas; Issaquah, Washington; Pawtucket, Rhode Island; Menomonee Falls, Wisconsin; and Aston, England. The Company generally collaborates with its largest wholesale customers and in many instances produces specific versions of the Company' s product lines with exclusive designs and / or packaging for them. DESIGN AND INNOVATION At the heart of the Company is a culture of innovation and new product development. The Company' s global in- house design and development teams currently consist of approximately 90 professional designers, artists and engineers. Utilizing the latest available design tools, technology and materials, these teams create new products, redesign existing products and create packaging and merchandising concepts. SOURCES OF SUPPLY The Company sources its products from hundreds of suppliers, almost all of which are located outside the United States (other than the suppliers for the Company' s sterling silver products). Most of the Company' s suppliers are located in China. The Company also sources products from suppliers across various countries including, Hong Kong, Taiwan, Japan, South Korea, Vietnam, **Myanmar, Singapore,** Malaysia, Philippines, Thailand, India, Bangladesh, the United States, ~~Canada,~~ Mexico, ~~Brazil,~~ the U. K., Italy, Portugal, Poland, Sweden, Turkey ~~, Netherlands~~ , Belgium, Germany, Czech Republic, Slovakia, Cambodia, Indonesia **,** and ~~Australia~~ **New Zealand** . The Company orders products significantly in advance of the anticipated time of their sale by the Company. The Company does not have any formal long- term arrangements with any of its suppliers and its arrangements with most manufacturers allow for flexibility in modifying the quantity, composition and delivery dates of orders. MANUFACTURING The Company contracts with third parties to manufacture the vast majority of its products. The Company manufactures its sterling silver products at a leased manufacturing facility in San Germán, Puerto Rico and fills jars and other containers with spices and assembles spice racks at an owned facility in Winchendon, Massachusetts. **The Company is planning to expand its manufacturing into Mexico to manufacture certain of the Company' s products. The Company expects these operations to be fully operational in fiscal year 2024.** COMPETITION The markets for kitchenware, tableware and other products used in the home ~~including home décor products~~ are highly competitive and include numerous domestic and foreign competitors, some of which are larger than the Company. The primary competitive factors in selling such products are innovative products, brand, quality, aesthetic appeal to consumers, packaging, breadth of product line, distribution capability and selling price. PATENTS AND LICENSES The Company owns approximately 1, ~~140~~ **090** design and utility patents. The Company does not believe that the expiration of any of its patents would have a material adverse effect on either of the Company' s segments. The Company holds certain rights to use the Farberware brand for kitchen tools and gadgets, cutlery, cutting boards, shears and certain other products which together represent a material portion of its sales, through a fully- paid, royalty- free license for a term that expires in 2195, subject to earlier termination under certain circumstances. The Company also holds a license to use the KitchenAid brand **for certain products, including products for kitchen tools and gadgets, cutlery and bakeware,** subject to a license agreement that will expire in December 2026. The Company originally entered into a licensing arrangement for use of the KitchenAid brand in 2000, and has renewed the license, typically for three to four year periods, since that time. HUMAN CAPITAL The Company aspires to hire and retain the best and brightest employees. At December 31, ~~2022~~ **2023** , the Company had approximately 1, ~~260~~ **230** full- time employees, of whom approximately 140 were located in Asia, ~~210~~ **200** were located in Europe and ~~910~~ **890** were located in the United States and Puerto Rico. The Company also hires seasonal workers at its distribution centers through temporary staffing agencies. None of the Company' s employees are represented by a labor union or subject to collective bargaining agreements, except as required by local law. The Company believes in the importance of the retention, growth and development of our employees. The Company believes it offers competitive compensation and benefits packages to its employees. Further, the Company offers professional development opportunities to cultivate talent throughout the Company. The Company ~~is focused on employee health and safety initiatives and has implemented protocols during the COVID- 19 pandemic to enhance workplace safety, including remote work for certain departments. The Company~~ also values diversity and inclusion and **aims** ~~is striving~~ to **foster** ~~create a more diverse workforce and~~ **an** inclusive community. REGULATORY MATTERS The Company and its affiliates are subject to significant regulation by various governmental, regulatory and other administrative authorities. As a manufacturer and distributor of consumer products, the Company is subject to the Consumer Products Safety Act in the United States and the Consumer Protection Act in the U. K. Additionally, laws regulating certain consumer products exist in some cities and states, as well as in other countries in which the Company or its subsidiaries and affiliates sell products. The Company' s spice filling operation and other certain scale products are regulated by the U. S. Food and Drug Administration. The Company' s operations are also subject to national, state and local environmental and health and safety laws and regulations, including those that impose workplace standards and regulate the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of materials and substances including solid and hazardous wastes. The Company is subject to risks and uncertainties associated with economic and political conditions around the world, including but not limited to, foreign government regulations, taxes including value- added taxes, import and export duties / tariffs and quotas, anti-dumping regulations, incidents and fears involving security, man- made or natural disasters, health epidemics, terrorism and wars, political unrest and other restrictions on trade and travel. SEASONALITY The Company' s business and working capital needs are seasonal with a majority of sales occurring in the third and fourth quarters. In ~~2022~~ **2023** , net sales for the third and fourth quarters accounted for ~~54~~ **57** % of total annual net sales, respectively. In anticipation of the pre- holiday shipping season, inventory levels increase primarily in the June through October time period. Item 1A. Risk Factors The Company' s businesses, operations, liquidity and financial condition are subject to various risks. The Company' s business, financial condition or results of operation could be materially affected by the risks below or additional risks not presently known to the Company or by risks that the Company presently deems immaterial, such as changes in the economy, disruptions due to terrorist activity or man-made or natural disasters, or changes in law or accounting standards. The risks and uncertainties described below are those that the Company considers material as of the date hereof. We have grouped the risk factors into categories for ease of reading, and without any reflection on the importance of, or likelihood of, any particular category. The Company' s performance is affected by general economic factors, the strength of retail economies and political conditions that are beyond its control. Retail economies are impacted by factors such as consumer demand and the condition of the retail industry, which in turn, are affected by general economic factors. These general economic factors include, among others: • recession, inflation, deflation, unemployment and other factors adversely affecting consumer spending patterns generally; • conditions affecting the retail environment for the home and other matters that influence consumer spending in the home retail industry specifically; • conditions affecting the housing markets; • consumer credit availability and consumer debt levels; • material input costs, including fuel and energy costs, freight costs, and labor cost inflation; • foreign currency translation; • interest rates and the ability to hedge interest rate risks; • government policies including tax policies relating to value- added taxes, import and export duties and quotas, anti- dumping regulations and related tariffs, import and export controls and social compliance standards; • the impact of natural disasters, conflicts and terrorist activities; • public health epidemics, such as the COVID- 19 pandemic; • unfavorable economic conditions in the United States, the U. K., continental Europe, Asia and elsewhere; • political unrest, war, terrorism, geopolitical uncertainties, trade policies and sanctions, including the repercussions of the military conflict **in** ~~between Russia and~~ Ukraine **, Israel and surrounding areas (and any broadening of the conflict); • the impact of the U. K.' s exit from the European Union** ; • unstable economic and political conditions, lack of legal regulation enforcement, civil unrest and potential accompanying shifts in laws and regulations; and The occurrence of negative events related to any of the foregoing may adversely impact the Company' s results of operations and financial condition. ~~The Company' s results of operations could be negatively impacted by inflation or deflation in supply chain costs, including raw materials, sourcing, transportation and energy~~ The Company designs, sources and sells branded kitchenware, tableware and other homeware goods and relies on third parties to manufacture its products who are, in turn, subject to changes in their underlying manufacturing costs. The Company also relies on third parties for transportation and is exposed to fluctuations in freight costs to transport goods as well as the price of fuel and gasoline. These prices may fluctuate based on a number of factors beyond the Company' s control, including from geopolitical conditions such as the military conflict in Ukraine and resulting sanctions imposed by the U. S. and other countries. Inflation has resulted and could continue to result in significant cost increases. If the Company is unable to mitigate any cost increases from the foregoing factors through various customer pricing actions and cost reduction initiatives, its financial condition may be adversely affected. Conversely, in the event that there is deflation, the Company may experience pressure from its customers to reduce prices. There can be no assurance that the Company would be able to reduce its cost base to offset any such price concessions, which could adversely impact its results of operations and cash flows. ~~Net sales attributable to the Company' s U. K. domiciled businesses were $ 45. 7 million for the year ended December 31, 2022 and represent approximately 6 % of the Company' s consolidated net sales for the period. These operations continue to face risks and potential disruptions related to the withdrawal of the U. K. from the European Union, commonly referred to as " Brexit. " Although the U. K. and the European Union have entered into a trade and cooperation agreement, the long- term nature of the U. K.' s relationship with the European Union remains unclear. For example, Brexit could lead to potentially divergent laws and regulations, such as with respect to data protection and data transfer laws, that could be costly and complicate compliance efforts. While we continue to monitor these developments, the full effect of Brexit on our operations is uncertain and our business could be harmed by trade disputes or political differences between the U. K. and the European Union in the future. Significant uncertainty remains regarding the impact of the U. K.' s exit from the European Union. The uncertainty surrounding~~

~~the consequences of the U. K.' s exit could adversely impact the U. K. economy, customers and investor confidence. Such uncertainty may contribute to additional market volatility, including volatility in the value of the U. K. pound and European euro, and may adversely affect the Company' s businesses, results of operations, and financial condition.~~ A majority of the Company' s products are sourced from vendors in China. During the last ~~few~~ **several** years there have also been significant changes to U. S. trade policies, sanctions, legislation, treaties and tariffs, including, but not limited to, trade policies and tariffs affecting China. These changes have, in certain cases, increased our costs of doing business. In response to the tariffs, the Company may seek to increase prices to its customers, which may diminish demand for its products. The imposition of additional tariffs or other trade barriers could increase our costs in certain markets and may cause our customers to find alternative sourcing or could make it more difficult for us to sell our products in some markets. Other countries where we operate or sell our products have changed, and may continue to change, their own policies on trade as well as business and foreign investment in their respective countries. Additionally, it is possible that U. S. policy changes and uncertainty about such changes could increase market volatility and currency exchange rate fluctuations. As a result of these dynamics, we cannot predict the impact to our business of any future changes to the U. S.' s or other countries' trading relationships or the impact of new laws or regulations adopted by the U. S. or other countries. Greenhouse gases may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Such events could have a negative effect on the Company' s business. Concern over climate change may result in new or additional legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation, and utility increases and could, in turn, have a material adverse effect on the Company' s business. There is also increased focus, including by investors, customers, and other stakeholders, on these and other sustainability matters, including the use of plastic, energy, waste, and worker safety. The Company' s reputation could be damaged if the Company does not, or is perceived to not, act responsibly with respect to sustainability matters, which could also have a material adverse effect on the Company' s business, results of operations, financial position, and cash flows **. The Company' s ability to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by macroeconomic and company- specific events, as well as the financial condition of insurers** . The Company is generally not fully insured against all significant losses. For example, the Company is not fully insured against hurricane, earthquake, acts of war, and terrorism related losses. A loss for which the Company is not fully insured could have a material adverse effect on the business, financial condition, results of operations and prospects. Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to the Company. The Company ~~'~~ **'** s ability to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company- specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, the Company may be required to pay costs associated with adverse future events. The Company ~~must successfully manage the demand, supply, and operational challenges associated with the actual or perceived effects of the COVID- 19 pandemic. Any failure to do so could have a material adverse impact on the Company' s business, financial condition, results of operations, cash flows, and competitive position. The COVID- 19 pandemic has negatively impacted the global economy and disrupted global supply chains. Continuing concerns over economic and business prospects in the U. S. and other countries have contributed to increased volatility and diminished expectations for the global economy. These factors, coupled with the prospect of decreased business and consumer confidence and increased unemployment resulting from the ongoing COVID- 19 pandemic, may precipitate a prolonged economic slowdown and recession. Given the ongoing and dynamic nature of the COVID- 19 virus and the worldwide response related thereto, including the emergence of new variants, the distribution and availability of vaccines and the efficacy thereof, it is difficult to predict the full impact of the ongoing COVID- 19 pandemic on the Company' s business. The Company' s business may be unfavorably impacted by the fear of exposure to or actual effects of the COVID- 19 pandemic, such as reduced travel or recommendations or mandates from governmental authorities to cease particular business activities. Although disruptions from the COVID- 19 pandemic may continue to occur, the long- term economic impact and near- term financial impact on the Company, including but not limited to, any possible impairment, restructuring and other charges, cannot be reliably quantified or estimated at this time due to the uncertainty of future developments. Despite efforts to manage and remedy the impact of COVID- 19, the ultimate impact of COVID- 19 could materially and adversely affect the Company' s business, financial condition, results of operations, cash flows and competitive position, and depends on factors beyond the Company' s knowledge or control, including the duration and severity of the COVID- 19 pandemic as well as third- party actions taken in response thereto. The Company~~ has a substantial amount of indebtedness and is dependent on the availability of its bank loan facilities to finance its liquidity needs. As of December 31, ~~2022~~ **2023** , the Company had $ ~~256~~ **210** . ~~3~~ **4** million of consolidated debt outstanding under a senior secured term loan credit facility **and senior secured asset- based revolving credit facility. On November 14, 2023, the Company entered into Amendment No. 2 of the senior secured term loan credit facility, dated as of March 2, 2018,** (as amended, the " Term Loan ") **, which among other things, reduced the outstanding principal amount of $ 150** . **0 million and extended the maturity to August 26, 2027.** The Company ~~'~~ **'** s credit agreement, dated as of March 2, 2018 (as amended, the " ABL Agreement " and ~~together with~~ **as amended,** the **"** Term Loan **"** the " Debt Agreements ") provides for, among other things, a maximum aggregate principal amount of $ 200. 0 million and will mature on August 25, 2027 ~~(subject to an earlier springing maturity date that is 90 days prior to the Term Loan maturity date of February 28, 2025 if the Company' s Term Loan has not been repaid or refinanced by such date)~~ . The Term Loan will be repaid in quarterly payments of principal equal to ~~0~~ **1** . 25 % of the original aggregate principal amount of the Term Loan, which payments **will** ~~commenced~~ **commence** ~~June 30~~ **on March 31** , ~~2018~~ **2024** . The Term Loan requires the Company to make an annual mandatory prepayment of principal based upon excess cash flow (the " Excess Cash Flow "), if any. Per the Debt Agreements, when the Company makes an Excess Cash Flow payment, the payment is first applied to satisfy the future quarterly required payments in order of maturity. This amount is recorded in the current maturity of the Term Loan on the consolidated balance sheets. At December 31, ~~2022~~ **2023** , borrowings under the Debt Agreements represented approximately ~~35~~ **32** % of total capital (indebtedness plus stockholders’ equity). In 2018, the Company utilized the proceeds of borrowings under the Debt Agreements (i) to repay in full all existing indebtedness for borrowed money under its former credit agreement and (ii) to finance, in part, the acquisition of Filament, the refinancing of certain indebtedness of Filament and its subsidiaries, and the payment of fees and expenses in connection with the foregoing. **In 2023, the Term Loan was amended to extend the maturity of $ 150 million of the Term Loan.** The Company may be unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to, its indebtedness. In addition, the Company’ s business is seasonal with a significant amount of its revenue realized during the latter portion of the year. Therefore, the Company’ s borrowing needs fluctuate widely based upon its seasonal working capital requirements. The Company’ s leverage and the effects of seasonal fluctuations in its cash flow, borrowing requirements and ability to borrow could have significant negative consequences on the Company’ s financial condition and results of operations, including: • impairing the Company’ s ability to meet the financial covenants, if and when applicable, contained in the ~~ABL~~ **Debt** ~~Agreement~~ **Agreements** or to generate cash sufficient to pay interest or principal due under its Debt Agreements, which could result in an acceleration of some or all of the Company’ s outstanding debt; • limiting the Company’ s ability to borrow money, dispose of assets or sell equity to fund the Company’ s working capital, capital expenditures, dividend payments, debt service, strategic initiatives or for other obligations or purposes; • limiting the Company’ s flexibility in planning for, or reacting to, changes in the economy, the markets, regulatory requirements, its operations or business; • limiting the Company ~~'~~ **’** s ability to enter into derivative agreements to hedge interest rate and foreign exchange risk; • making the Company more highly leveraged than some of its competitors, which may place the Company at a competitive disadvantage; • making the Company more vulnerable to downturns in the economy or its business; • requiring a substantial portion of the Company’ s cash flow from operations to make interest payments; • making it more difficult for the Company to satisfy other obligations; • risking credit rating downgrades of the Company, which could increase future debt costs and limit the future availability of debt financing; and • preventing the Company from borrowing additional funds as needed or taking advantage of business opportunities as they arise, pay cash dividends or repurchase common stock. To the extent the Company incurs additional indebtedness, the risks described above could increase. In addition, the Company’ s actual cash requirements in the future may be greater than expected. The Company’ s cash flow from operations may not be sufficient to service its outstanding debt or to repay the outstanding debt as it becomes due, and the Company may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance its debt. The Company’ s failure to meet certain covenants or comply with other requirements of its Debt Agreements may materially and adversely affect the Company’ s assets, financial position and cash flows. The ABL Agreement, under certain circumstances, requires the Company to maintain a certain fixed charge coverage ratio. **The Term Loan requires the Company to maintain a maximum Total Net Leverage Ratio of 5. 00 to 1. 00 as of the last day of its fiscal quarters.** As a result of this and other covenants within the Debt Agreements, the Company may be limited in its ability to incur additional debt, make investments or undertake certain other business activities. These requirements could limit the Company’ s ability to obtain future financing and may prevent the Company from taking advantage of attractive business opportunities. The Company’ s ability to meet the covenants or requirements in its Debt Agreements may be affected by events beyond the Company’ s control, and the Company may not be able to satisfy such covenants and requirements. A breach of these covenants or the Company’ s inability to comply with the restrictions could result in an event of default under the Debt Agreements, which in turn could result in an event of default under the terms of the Company’ s other indebtedness. Upon the occurrence of an event of default under the Company’ s Debt Agreements, after the expiration of any grace periods, the Company’ s lenders could elect to declare all amounts outstanding under the Company’ s debt arrangements, together with accrued interest, to be immediately due and payable. If this happens, the Company cannot assure that its assets would be sufficient to repay in full the amounts due under the Debt Agreements or the Company’ s other indebtedness. The Company’ s borrowings, and discount rate applied to sale of receivables, are subject to interest rate fluctuations and an increase in interest rates could adversely affect the Company’ s financial results. The Company’ s borrowings bear interest at floating rates. An increase in interest rates would adversely affect the Company’ s profitability. **For example, in 2023 interest expense increased by $ 4. 5 million compared to the prior year as a result of a higher interest rate environment.** To the extent that the Company’ s access to credit may be restricted because of its own performance, its bank lenders’ performances or conditions in the capital markets generally, the Company would not be able to operate normally. The Company’ s Receivables Purchase Agreement also depends upon the Secured Overnight Financing rate ( ~~"~~ **“** SOFR ~~"~~ **”** ), as it is a component of the discount rate applicable to the agreement. If SOFR increases, the Company may not be able to rely on the Receivables Purchase Agreement, which could have a material and adverse effect upon the Company’ s ~~financial condition, results of operations and cash flows. In March 2021, the U. K.’ s Financial Conduct Authority (“ FCA ”), a regulator of financial services firms and financial markets in the U. K., stated that it will plan for a phase out of regulatory oversight of London Inter- Bank Offered Rate (“ LIBOR ”) interest rates indices beginning as of December 31, 2021. In the United States, the Alternative Reference Rates Committee, a committee convened by the Federal Reserve Board and the Federal Reserve Bank of New York, recommended SOFR plus a recommended spread adjustment as LIBOR' s replacement. LIBOR and SOFR have significant differences, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR being an overnight rate while LIBOR reflects term rates at different maturities. The Company is evaluating the impact of the eventual replacement of the LIBOR benchmark interest rate with SOFR as the dominant replacement. Introduction of SOFR may also introduce additional basis risk for market participants as an alternative index is utilized along with LIBOR. There can be no guarantee that SOFR will become widely used and that alternatives may or may not be developed with additional complications. The Company is not able to predict whether the USD LIBOR will cease to be available after June 2023, whether SOFR will become a widely accepted benchmark in place of LIBOR, or what the impact the transition to SOFR may be on the Company' s financial condition and results of~~

~~operations. On December 28, 2021 the Company entered into Amendment No. 1 to amend the ABL Credit Agreement to make certain changes with respect to the interest rate benchmarks (the" Benchmarks") used to calculate the rate on at which interest accrues on the loans, commitments, and / or other extensions of credit under the ABL Credit Agreement. Specifically, the Amendment provides a mechanism for determining an alternative rate of interest upon the occurrence of certain events relating to the availability of LIBOR and / or other applicable Benchmarks provided for in the ABL Credit Agreement. In addition, on December 29, 2022, the Company entered into Amendment No. 1 to amend the Loan Agreement to replace the LIBOR- based interest rates with SOFR- based interest rates and to modify the provisions for determining an alternative rate of interest upon the occurrence of certain events relating to the availability of Benchmark. At this time, the Company is not able to predict the impact that the changes or other reforms relating to SOFR and the Benchmarks rates may have on its~~ financial condition, results of operations and cash flows. The Company has historically achieved growth through acquisitions, investments and joint ventures. The Company seeks acquisition opportunities that complement and expand its operations, some of which are based outside the United States. The Company may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval or otherwise complete acquisitions in the future. Additionally, the Company may not be able to successfully integrate future acquired businesses into its existing business without substantial costs, delays or other operational or financial difficulties. Potential difficulties the Company may encounter as part of the integration process include the following: • the potential inability to successfully combine businesses in a manner that permits the Company to achieve the cost synergies expected to be achieved as a result of the consummation of the acquisition and other benefits anticipated to result from the acquisition; • the potential inability to integrate acquired companies' products and services; • challenges leveraging the customer information and technology of the two companies; • challenges effectuating the Company' s diversification strategy, including challenges achieving revenue growth from sales of each company' s products and services to the clients and customers of the other company; • complexities associated with managing the combined businesses, including difficulty addressing possible differences in corporate cultures and management philosophies and the challenge of integrating complex systems, technology, networks, and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, clients, employees, lenders, and other constituencies; • risks associated with locating and entering into agreements with third- party logistics providers to assist in certain locations or to develop strategies to address inventory surges; and • potential unknown liabilities and unforeseen increased expenses or delays associated with the acquisition. It is possible that the integration process could result in diversion of the attention of each company' s management, which could adversely affect each company' s ability to maintain relationships with customers, clients, employees, and other constituencies or the Company' s ability to achieve the anticipated benefits of the acquisition, or could reduce each company' s operating results or otherwise adversely affect the Company' s business and financial results. The Company' s functional currency is the U. S. dollar. Changes in the relation of foreign currencies to the U. S. dollar will affect the Company' s sales and profitability and can result in exchange losses because the Company has operations and assets located outside the United States. The Company, especially its foreign subsidiaries and affiliates, transacts business in currencies other than the U. S. dollar, primarily U. K. pounds, and to a lesser degree, Chinese renminbi, Euros, Hong Kong dollars, Mexican peso and Canadian dollars. Such transactions affect the Company' s operating results and financial condition. Foreign operations expose the Company to foreign currency fluctuations, for both transactions and financial reporting translation purposes. In the consolidated financial statements, local currency financial results are translated into U. S. dollars based on the exchange rates prevailing during the reporting periods. During times of a strengthening U. S. dollar, the reported revenues and earnings of the Company' s international operations will be reduced because the local currencies will translate into fewer U. S. dollars. As described below, during times of a weakening U. S. dollar, the Company' s costs related to the supplies and inventory it sources internationally will increase. The vast majority of the Company' s inventory is purchased from Chinese suppliers in U. S. dollars, including inventory purchased by the Company' s international operations. As a result, the gross margin from international operations is subject to volatility from movements in exchange rates, which could have an adverse effect on the financial condition and results of operations and profitability from international operations. The Company has entered into foreign exchange derivative contracts to hedge the volatility of exchange rates related to a portion of its international inventory purchases. The Company cannot ensure, however, that these hedges will fully offset the impact of foreign currency rate movements. If the Chinese renminbi should appreciate against the U. S. dollar, the costs of the Company' s products will likely rise over time because of the impact the strengthening renminbi will have on the Company' s cost of sales, and the Company may not be able to pass on these price increases to its customers. The Company is also subject to the risks of currency controls and devaluations. Currency controls may limit the Company' s ability to convert currencies into U. S. dollars or other currencies, as needed, to pay dividends or make other payments from funds held by subsidiaries in countries imposing such controls, which could adversely affect the Company' s liquidity. If the Company expands its international operations, it will be subject to increased foreign exchange variability which could have a material adverse effect on the Company' s results of operations. The Company' s business requires it to maintain large distribution facilities in its key markets, which represent high fixed rental costs relating to its leased facilities. In addition, significant portions of the Company' s selling, general and administrative expenses, including leased showrooms, are fixed, as they neither increase nor decrease proportionally with sales. Furthermore, the Company' s gross margins depend, in part, on its ability to spread sourcing costs, of which a significant portion are fixed, over its products sold. Decreased demand or the need to reduce inventories can lower the Company' s ability to absorb certain sourcing costs and adversely affect its results of operations. This is exacerbated by the high degree of seasonality impacting the Company, which results in lower demand during the first two quarters of the year, while many of the operating costs remain fixed, which further affects profitability. In order to operate more efficiently and control costs, the Company may announce restructuring plans from time to time, including workforce reductions, global facility consolidations and other cost reduction initiatives that are intended to generate operating expense savings. The implementation of restructuring plans could be disruptive to the Company' s operations, result in higher than anticipated charges and otherwise adversely affect the Company' s results of operations and financial condition. In addition, the Company' s ability to complete restructuring plans and achieve the anticipated benefits from a plan is subject to estimates and assumptions and may vary materially from the Company' s expectations, including as a result of factors that are beyond the Company' s control. Furthermore, following completion of a restructuring plan, the business may not be more efficient or effective than prior to implementation of the plan. A portion of the Company' s long- term assets consists of goodwill recorded as a result of the Company' s acquisitions; other identifiable intangible assets, including trade names; and long- lived assets. At December 31, ~~2022~~ **2023** , goodwill, net of accumulated impairment charges totaled $ 33. 2 million; indefinite- lived intangibles assets, net of accumulated impairment charges totaled $ ~~49~~ **42** . ~~6~~ **0** million; finite- lived intangible assets, net of accumulated impairment charges and accumulated amortization totaled $ ~~131~~ **123** . ~~1~~ **9** million. The Company does not amortize goodwill but rather reviews it for impairment on an annual basis or more frequently when events or changes in circumstances indicate that its carrying value may not be recoverable. If the carrying value of a reporting unit exceeds its current fair value as determined based on the discounted future cash flows of the reporting unit or comparable market sales and earnings multiples, the goodwill or intangible asset is considered impaired and is reduced to fair value. Events and conditions that could result in impairment include a prolonged period of global economic weakness, a decline in economic conditions and / or a slow, weak economic recovery, as well as sustained declines in the price of the Company' s common stock, adverse changes in the regulatory environment, adverse changes in the market share of the Company' s products, adverse changes in interest rates, further corporate income tax reforms or other factors leading to reductions in the long- term sales or profitability that the Company expects. Determination of the fair value of a reporting unit includes developing estimates, which are highly subjective and incorporate calculations that are sensitive to minor changes in underlying assumptions. Management' s assumptions change as more information becomes available. Changes in these assumptions could result in an impairment charge in the future, which could have a significant adverse impact on the Company' s reported earnings. If the future operating performance of one or more of the Company' s operating segments does not meet expectations, the Company may be required to record a significant charge during the period in which any impairment of the Company' s goodwill or other long- term assets is determined. The further recognition of an impairment of the Company' s goodwill or any of the Company' s assets would negatively affect the Company' s results of operations and total capitalization, the effect of which could be material. From time to time, the Company may provide projections to its stockholders, lenders, the investment community, and other stakeholders of the Company' s future sales and net income. Since the Company does not have long- term purchase commitments from customers and the customer order and shipment process is very short, it is difficult for the Company to accurately predict the demand for many of its products, or the amount and timing of the Company' s future sales and related net income. The Company' s projections are based on management' s best estimate of sales using historical sales data and other information deemed relevant. These projections are highly subjective since sales can fluctuate substantially based on the demands of retail customers and due to other risks described in this Annual Report. Additionally, changes in retailer inventory management strategies could make the Company' s inventory management more difficult. Because the Company' s ability to forecast product demand and the timing of related sales requires significant subjective input, future sales and net income could vary materially from the Company' s projections. The Company self- insures a substantial portion of the costs of employee healthcare and workers compensation. This could result in higher volatility in the Company' s earnings and exposes the Company to higher financial risks. The Company' s medical costs in recent years have generally increased and other employee demographics could result in an increase in medical costs beyond what the Company has experienced or expects. The Company has stop- loss coverage in place for catastrophic events, but the aggregate impact of a high number of claims up to the Company' s stop- loss limit may have an effect on the Company' s profitability. There are inherent limitations on the effectiveness of the Company' s controls. The Company does not expect that its disclosure controls or the Company' s internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well- designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. The design of a control system must reflect the fact that resource constraints exist, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls are revised, as necessary, due to changes in conditions or deterioration in the degree of compliance with policies or procedures. If in the future the Company' s controls become inadequate, it could fail to meet its financial reporting obligations, its reputation may be adversely affected, its business and operating results could be harmed, and the market price of its stock could decline. The markets for the Company' s products are intensely competitive with the principal competitive factors being product innovation, brand name, product quality, aesthetic appeal to customers, packaging, breadth of product offerings, distribution capability, delivery time and price. Advantages or disadvantages in any of these competitive factors may be sufficient to cause the customer to consider changing providers of the kinds of products that the Company sells. The Company competes with many other suppliers, some of which are larger than the Company, have greater financial and other resources or employ brands that are more established, have greater consumer recognition or are more favorably perceived by consumers or retailers than the Company' s brands. Some competitors may be willing to reduce prices and accept lower profit margins to compete with the Company. As a result of this competition, the Company could lose market share and sales, or be forced to reduce its prices to meet competition. If the Company' s product offerings are unable to compete successfully, the Company' s business, results of operations and financial condition could be materially and adversely affected. The Company' s wholesale customers include mass market merchants, specialty stores, ~~commercial stores,~~ department stores, warehouse clubs, grocery stores, off- price retailers, food service distributors, ~~pharmacies,~~ food and beverage outlets **, corporate sales** and e- commerce. Unanticipated changes in purchasing and other practices by the Company' s customers, including a customer' s pricing and payment terms, inventory de- stocking, limitations on shelf space, more extensive packaging requirements, changes in order quantities, use of private label brands and other practices, could materially and adversely affect the Company' s business, results of operations and financial condition. In addition, as a result of the desire of retailers to more closely manage inventory levels and optimize their supply chains, there is a growing trend among retailers to evaluate suppliers based on their ability to deliver orders at the quantity and schedule specified, which is known as the" on- time- in- full" delivery metric. Supply- chain complexity and customer demand for on- shelf availability creates additional pressure on delivery performance, which in turn can add strain on distribution channels. The Company' s annual earnings and cash flows also depend to a great extent on the results of operations in the latter half of the year due to the seasonality of its sales. The Company' s success and sales growth is also dependent on its evaluation of consumer preferences and changing trends. As certain online retailers grow they may continue to demand lower pricing, special packaging, shorter lead times for the delivery of products, smaller more frequent shipments, or impose other requirements on product suppliers. The cost of compliance with customers' demands could have a material adverse effect on the Company' s business, results of operations and financial condition. Many of the Company' s wholesale customers are significantly larger than the Company, have greater financial and other resources and also purchase goods directly from vendors in Asia and elsewhere. Decisions by large customers to increase their purchases directly from overseas vendors could have a material adverse effect on the Company' s business, results of operations and financial condition. Significant changes or financial difficulties, including consolidations of ownership, restructurings, bankruptcies, liquidations or other events that affect retailers, could result in fewer retailers selling the Company' s products, reliance on a smaller group of customers, an increase in the risk of extending credit to these customers or limitations on the Company' s ability to collect amounts due from these customers. Although the Company has long- established relationships with many of its customers, the Company does not have any long- term supply or binding contracts or guarantees of minimum purchases. Purchases by the Company' s customers are generally made using individual purchase orders. Customers may cancel their orders, change purchase quantities from forecast volumes, delay purchases for a number of reasons beyond the Company' s control or change other terms of their business relationship with the Company. Significant or numerous cancellations, reductions, delays in purchases or changes in business practices by customers could have a material adverse effect on the Company' s business, results of operations and financial condition. Retailers place great emphasis on timely delivery of products for specific selling seasons, especially during the third fiscal quarter, and on the fulfillment of consumer demand throughout the year. The Company cannot control all of the various factors that might affect product delivery to retailers. Failure to deliver products to the Company' s retailers in a timely and effective manner, often under special vendor requirements to use specific carriers and delivery schedules, could damage the Company' s reputation and brands and result in a loss of customers or reduced orders. During the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, Wal- Mart Stores, Inc., including Sam' s Club ~~and, in the U. K., Asda Superstore~~, (" Walmart "), accounted for **21 %,** 19 % ~~,~~ **and** 18 ~~% and 20~~ % of consolidated net sales, respectively. During the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, sales to Costco Wholesale Corporation (" Costco ") accounted for **11 %,** 13 %, **and** 12 ~~%, and 11~~ % of consolidated net sales. During the year ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, Amazon. com Inc., (" Amazon "), accounted for 11 %, **11 % and** 12 ~~% and 10~~ % of consolidated net sales. Sales to ~~Walmart,~~ Costco and Amazon are included in the Company ~~'~~ **'** s U. S. and International segments. No other customers accounted for 10 % or more of the Company' s sales during these periods. A material reduction in sales to the aforementioned or other top customers in the aggregate, could have a significant adverse effect on the Company' s business and operating results. In addition, pressures by such customers that would cause the Company to materially reduce the price of its products could result in reduced sales and operating margin. Any significant changes or financial difficulties that affect these customers, such as reduced sales by such customers (whether for reasons that affect a particular customer or the retail industry in general) may also result in reduced demand for the Company' s products. The Company would also be subject to increased credit risk with respect to such customers. In particular, the concentration of the Company' s business with Walmart, Costco and Amazon extends to its international business as well as through Vasconia in Mexico and the Company' s strategic alliance in Canada, due to the market presence of Walmart, Costco and Amazon in these foreign countries. Any changes in purchasing practices or decline in the financial condition, of Walmart, Costco and Amazon or other large customers, may have a material adverse impact on the business, results of operations and financial condition of the Company. The Company' s large customers also have significant purchasing leverage. Customers may demand lower pricing, special packaging, shorter lead times for the delivery of products or impose other requirements on product suppliers like the Company. These business demands may relate to inventory practices, logistics or other aspects of the customer- supplier relationship. If the Company does not effectively respond to the demands of its customers, they could decrease or eliminate their purchases from the Company. These risks could be exacerbated if such large customers consolidate, or if the Company' s smaller customers consolidate to become larger customers, which would increase their purchasing leverage. A reduction in the purchases of the Company' s products by its wholesale customers or the costs of complying with customer business demands could have a material adverse effect on the Company' s business, financial condition and results of operations. The Company' s customers could carry products that directly compete with the Company' s products for retail space and consumer purchases. There is a risk that these customers could give higher priority to products of, or form alliances with, the Company' s competitors. The failure of customers to provide the Company' s products with similar or better levels of promotional support and retail space as competitors receive could have a material adverse effect on the Company' s business, results of operations and financial condition. The retail environment is highly competitive and rapidly evolving with the increase pace of technological development. Consumers are increasingly embracing shopping online and through mobile commerce applications **.** ~~, and this~~ **This** trend **accelerated during** ~~has been significantly increasing in response to~~ the COVID- 19 pandemic **due to fear of infection, stay- at- home orders, quarantine policies and restrictions on travel,**

**trade, and brick- and- mortar retail business operations** . As a result, an increasing portion of total consumer expenditures with retailers is occurring online and through mobile commerce applications. This overall trend has negatively affected many brick- and- mortar retailers ~~, which has been exacerbated by the ongoing COVID- 19 pandemic~~ . If the Company’ s 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, substantially reduce the Company’ s revenues, increase credit risk and have a material adverse effect on the Company’ s results of operations, financial condition and cash flows. If the Company is unable to effectively manage its existing ~~Internet~~ **online** business, the Company' s reputation and operating results may be harmed. The success of the Company’ s ~~Internet~~ **online** business depends, in part, on factors over which the Company may have limited control. The Company must successfully respond to changing consumer preferences and buying trends relating to Internet usage. The Company is also vulnerable to certain additional risks and uncertainties associated with ~~the Internet~~ **operating an online business** , including: changes in required technology interfaces, website downtime and other technical failures, costs and technical issues as the Company upgrades its website software, computer viruses, changes in applicable federal and state regulations, security breaches, data breaches, and consumer privacy concerns. In addition, the Company must keep up to date with competitive technology trends, including the use of improved technology, creative user interfaces and other ~~Internet~~ **online** marketing tools such as paid search, which may increase its costs and which may not succeed in increasing sales or attracting customers. The Company’ s failure to successfully respond to these risks and uncertainties might adversely affect the sales in its ~~Internet~~ **online** business, as well as damage the Company’ s reputation and brands. New product introductions and product innovation are significant contributors to the Company’ s growth strategy and the Company’ s long- term success in the competitive retail environment depends in part on the Company’ s ability to develop and market a continuing stream of innovative new products that meet changing consumer preferences. The uncertainties associated with developing and introducing new products, such as the market demands and the costs of development and production may impede the successful development and introduction of new products. Acceptance of the new products may not meet sales expectations due to several factors, such as the Company’ s failure to accurately predict market demand or its inability to resolve technical issues in a timely and cost- effective manner. Additionally, the inability to develop new products on a timely basis could result in the loss of business to competitors. The Company ~~'~~ **’** s reliance on international suppliers subject the Company to regional regulatory, man- made or natural disasters, health epidemics, political or military conflicts, economic and foreign currency exchange risk that could materially and adversely affect the Company’ s operating results. The Company sources its products from suppliers located principally in Asia, Europe and the United States, which subjects the Company to various risks, including man- made or natural disasters, adverse macroeconomic conditions (including inflation, slower growth, and recession), and foreign currency changes, all of which could create disruptions in our supply chain. Similarly, geopolitical risks, including instability resulting from civil unrest, political demonstrations, strikes and armed conflict or other crises, such as **conflicts in** ~~Russia’ s invasion of~~ Ukraine, **Israel** and **surrounding areas (and any broadening of** the **conflict), and** resulting sanctions could change the global supply chain dynamics and demand. Additionally, the Company’ s vendors in Asia, from whom a substantial majority of the Company’ s products are sourced, are located primarily in China, which subjects the Company to regional risks including regulatory, social and other risks in addition to the risks resulting from tensions between the United States and China involving trade policies and certain regulatory actions. The Company’ s ability to select and retain reliable vendors and suppliers who provide timely deliveries of quality parts and products efficiently will impact its success in meeting customer demand for timely delivery of quality products. The Company’ s sourcing operations and its vendors are impacted by labor costs in China, where labor historically has been readily available at low cost relative to labor costs in North America. However, as China is experiencing rapid social, political and economic changes, labor costs have risen in some regions and labor in China may not continue to be available to the Company at costs consistent with historical levels. Changes in labor or other laws may be enacted, in China or in other countries in which the Company does business, which could have a material adverse effect on the Company’ s operations and / or those of the Company’ s suppliers. In addition, any indirect supply chain disruptions due to the conflict in Ukraine **, Israel and surrounding areas (and any broadening of the conflict),** may further complicate existing supply chain constraints **. Specifically, in connection with the conflict in Israel and the surrounding areas, the Houthi movement, which controls parts of Yemen, has launched a number of attacks on marine vessels in the Red Sea. The Red Sea is an important maritime route for international trade. As a result of such disruptions, the Company may experience in the future extended lead times, delays in supplier deliveries, and increased freight costs. The risk of ongoing supply disruptions may further result in delayed deliveries of our products** . Changes in currency exchange rates might negatively affect the Company and its overseas vendors’ profitability and business prospects. The Company does not have access to its vendors’ financial information and the Company is unable to assess its vendors’ financial condition, including their liquidity. Interruption of supplies from any of the Company’ s vendors, or the loss of one or more key vendors, could have a negative effect on the Company’ s business and operating results. A disruption in deliveries to or from suppliers or decreased availability of materials could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. A disruption from such third - party suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and products could adversely affect our ability to meet our commitments to customers and have a material adverse effect on our business, financial condition and results of operations. The Company imports its products for delivery to its distribution centers, as well as arranges for its customers to import goods to which title has passed overseas or at a port of entry. For purchases that are to be delivered to its distribution facilities, the Company arranges for transportation, primarily by sea, from ports in Asia and Europe to ports in the United States, principally New York / Newark / Elizabeth and Los Angeles / Long Beach, and in the U. K., principally Felixstowe. Accordingly, the Company is subject to risks incidental to such transportation. These risks include, but are not limited to, increases in fuel costs, fuel shortages, the availability of ships, increased security restrictions, transportation reroutes in response to geopolitical conflict, work stoppages, weather disruptions and carriers' ability to provide delivery services to meet the Company' s shipping needs. Transportation disruptions and increased transportation costs could materially adversely affect the Company' s business, results of operations and financial condition. The Company depends on third- party manufacturers to produce the vast majority of its products, which presents quality control risks to the Company. With the exception of the Company' s sterling silver products, the Company sources almost all of its products from suppliers located outside the United States, primarily in China, which restricts the Company' s ability to monitor and control their manufacture of the Company' s goods. The third party manufacturers may not continue to meet the Company' s quality standards, social standards regarding its workforce that are expected in the United States or legislation and regulations that apply to the products the Company contracts to manufacture. There is also no assurance that the Company' s quality control program will adequately audit, analyze and evaluate the quality standards of third party manufacturers. Failure by the Company' s manufacturers to meet these standards could, in turn, increase order cancellations, returns and price concessions and decrease customer demand for the Company' s products. Non- compliance with the Company' s product standards, regulatory requirements or product recall (or other regulatory actions) could have a material adverse effect on the Company' s financial condition, results of operations or cash flows. Various commodities comprise the raw materials used to manufacture the Company' s products. The prices of these commodities have historically fluctuated on a cyclical basis and have often depended on a variety of factors over which the Company has no control. Additionally, labor costs represent a significant component of the Company' s supplier' s manufacturing costs and the Company' s suppliers may increase the prices they charge the Company if they experience rising labor costs. The cost of producing and distributing the Company' s products is also sensitive to energy costs, duties and tariffs. For example, freight costs increased in 2021 ~~and~~ **,** continued to fluctuate in 2022 **and began to decrease in 2023** . The Company is unable to determine to what extent, if any, it will be able to pass future cost increases through to its customers. The Company' s inability to come to favorable agreements with its suppliers or to pass increased costs through to the Company' s customers could materially and adversely affect its financial condition or results of ~~operations. A widespread outbreak of an illness, such as the ongoing COVID- 19 pandemic, or other health issue could negatively affect various aspects of the business, including the Company' s supply chain, and make it more difficult and expensive to meet the Company' s obligations to its customers, and could result in reduced demand from its customers. The Company' s global operations are susceptible to global events, including a widespread outbreak of an illness, such as the ongoing COVID- 19 pandemic, or other health issue. As a result of epidemic outbreaks businesses can be shut down, supply chains can be interrupted, slowed, or rendered inoperable, and individuals can become ill, quarantined, or otherwise unable to work and / or travel due to health reasons or governmental restrictions. Epidemic outbreaks could also substantially interfere with general commercial activity related to the Company' s supply chain and customer base, which could have a material adverse effect on the Company' s financial condition, results of operations, business, or prospects. For example, the Company has experienced disruptions to its supply chain arrangements caused by limited container capacity, increased demand for containers and backlog at U. S. and International ports, as well as distribution centers caused by the loss or disruption of transportation, trucking availability, workforce or other distribution capability. If the Company' s operations are curtailed and the supply chain continues to be disrupted, the Company may need to seek alternate sources of supply for services and staff, which may be more expensive. Alternate sources may not be available or may result in delays in shipments to the Company from its supply chain and subsequently to the customers, each of which would affect the Company' s results of operations. Further, if the customers' businesses are similarly affected, they might delay or reduce purchases from the Company, which could have a material adverse effect on the Company' s results from~~ operations. Significant portions of the Company' s business are dependent on trade names, trademarks and patents, some of which are licensed from third parties. In ~~2022~~ **2023** , sales of licensed brands accounted for approximately ~~14~~ **17** % of the Company' s gross sales. The Company' s licenses for many of these brands require it to pay royalties based on sales. Many of these license agreements are subject to termination by the licensor, if, for example, the Company fails to satisfy certain minimum sales obligations or breaches the terms of the license. The loss of significant licenses or a material increase in the royalty rates the Company pays or other new terms negotiated upon renewal of such licenses could result in a reduction of the Company' s operating margins and cash flow from operations or otherwise adversely affect its business. The Company holds certain rights to use the Farberware brand for kitchen tools and gadgets, cutlery, cutting boards, shears and certain other products which together represent a material portion of its sales, through a fully- paid, royalty- free license for a term that expires in 2195, subject to earlier termination under certain circumstances. The licensor is a joint venture of which the Company is a 50 % owner. The other 50 % owner of the joint venture has the right to terminate the Company' s license if the Company materially breaches any of the material terms of the license and fails to cure the material breach within 180 days of notice of the breach, if it is determined in an arbitration proceeding that money damages alone would not be sufficient compensation to the licensor and that the breach is so egregious as to warrant termination of the license and forfeiture of the Company' s rights to use the brand under that license agreement. If the Company were to lose the Farberware license for kitchen tools and gadgets, cutlery, cutting boards, shears and certain other products through termination as a result of an uncured breach, its business, results of operations and financial condition would be materially adversely affected. Sales of KitchenAid branded products, to a lesser extent, also represent a material portion of the Company' s sales. The Company also holds a license to use the KitchenAid brand **for certain products, including products for kitchen tools and gadgets, cutlery and bakeware,** subject to a license agreement that will expire in December 2026. The Company originally entered into a licensing arrangement for use of the KitchenAid brand in 2000, and has renewed the license, typically for three- year periods, since that time. Although it expects to be able to renew its current KitchenAid license prior to its expiration, there is no assurance that the Company will be able to do so on reasonable terms, or at all, and any failure to do so could have a material adverse effect on the Company' s business, results of operations and financial condition. To establish and protect the Company' s intellectual property rights, the Company relies upon a combination of U. S., foreign and multi- national patent, trademark, copyright and trade secret laws, together with licenses, confidentiality agreements and other contractual arrangements. The measures that the Company takes to protect its intellectual property rights may prove inadequate to prevent third parties from infringing or misappropriating the Company' s intellectual property, or from breaching their contractual obligations to the Company. The Company has obtained and applied for numerous U. S. and foreign trademark, service mark and patent registrations, and will continue to evaluate the registration of additional marks, patents or other intellectual property, as appropriate. The Company cannot guarantee that any of its pending applications will be approved by the applicable governmental authorities. Moreover, even if such applications are approved, third parties may seek to oppose, declare invalid or otherwise challenge these registrations. Failure to obtain registrations for the Company' s intellectual property in the United States and other countries could limit the Company' s ability to protect its intellectual property rights and impede the Company' s marketing efforts and operations in those jurisdictions. The Company may need to resort to litigation to enforce or defend its intellectual property rights. If a competitor or collaborator files a patent application claiming technology also claimed by the Company, or a trademark application claiming a trademark, service mark or trade dress also used by the Company, in order to protect the Company' s rights, the Company may have to participate in opposition or interference proceedings before the U. S. Patent and Trademark Office or a similar foreign agency. The Company cannot guarantee that the operation of its business does not infringe or otherwise violate the intellectual property rights of third parties, and the Company' s intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation. The costs associated with protecting intellectual property rights, including costs associated with litigation or administrative proceedings, may be material and there can be no assurance that any such litigation or administrative proceedings will be successful. Any such matters or proceedings could be burdensome, divert the time and resources of the Company' s personnel and the Company may not prevail. Furthermore, even if the Company' s intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of the Company' s intellectual property rights, or other parties such as the Company' s competitors may independently develop technologies that are substantially equivalent or superior to the Company' s technology. The laws of certain foreign countries in which the Company operates or may operate in the future do not protect, and the governments of certain foreign countries do not enforce, intellectual property rights to the same extent as do the laws and government of the U. S., which may negate the Company' s competitive or technological advantages in such markets. Moreover, any repeal or weakening of intellectual property laws or enforcement of those laws in the United States or foreign jurisdictions could make it more difficult for the Company to adequately protect its intellectual property rights, negatively impacting their value and increasing the cost of enforcing the Company' s rights. If the Company is unable to establish or adequately protect its intellectual property rights, the Company' s business, financial condition and results of operations could be materially and adversely affected. In addition to registered intellectual property, the Company relies on know- how and other proprietary information in operating its business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, vendors, key employees or other third parties apply technology independently developed by them or by others to the Company' s proposed products in the absence of a valid license or suitable non- disclosure or assignment of inventions provisions, disputes may arise as to the ownership of or rights to use such technology, which may not be resolved in the Company' s favor. If other parties breach confidentiality or other agreements, or if the Company' s registered intellectual property is not protected in the U. S. or foreign jurisdictions, this could harm the Company by enabling the Company' s competitors and other entities, who may have greater experience and financial resources, to copy or use the Company' s proprietary information in the advancement of their products, methods or technologies. The Company' s brands and its reputation are among its most important assets. The Company' s ability to attract and retain customers depends, in part, upon external perceptions of the Company, the quality of its products and its corporate and management integrity. The consumer goods industry is by its nature more prone to reputational risks than other industries. This has been compounded in recent years by the free flow of unverified information on the Internet and, in particular, on social media. Damage to the Company' s brands or reputation or negative publicity or perceptions about the Company could adversely affect its business. The Company' s worldwide operations could be subject to natural and man- made disasters, telecommunications failures, water shortages, tsunamis, floods, earthquakes, hurricanes, typhoons, fires, extreme weather conditions, conflicts, acts of terrorism, health epidemics and other business interruptions. The occurrence of any of these business disruptions could seriously harm the Company' s business, revenue and financial condition and increase the Company' s costs and expenses. If the Company' s or its manufacturers' warehousing facilities or transportation facilities are damaged or destroyed, the Company would be unable to distribute products on a timely basis, which could harm the Company' s business. The Company' s back- up operations may be inadequate, and the Company' s business interruption insurance may not be sufficient to compensate for any losses that may occur. The Company conducts business outside of the United States through subsidiaries, affiliates and joint ventures. These entities have operations and assets in the U. K., Mexico, Netherlands, Canada, China and Hong Kong. Therefore, the Company is subject to increases and decreases in its investments in these entities resulting from the impact of fluctuations in foreign currency exchange rates. These entities also bear risks similar to those risks faced by the Company. However, there are specific additional risks related to these organizations, such as the failure of the Company' s partners or other investors to meet their obligations and higher credit and liquidity risks related to thinly capitalized entities. Failure of these entities or the Company' s vendors to adhere to required regulatory or other standards, including social compliance standards, could materially and adversely impact the Company' s reputation and business. In addition, the Company sells its products in foreign countries and seeks to increase its level of international business activity. Accordingly, the Company is subject to various risks, including: • U. S.- imposed embargoes of sales to specific countries; • foreign import controls (which may be arbitrarily imposed or enforced); • import regulations and duties; • export regulations (which require the Company to comply with stringent licensing regimes); • anti- dumping regulations; • price and currency controls; • exchange rate fluctuations; • dividend remittance restrictions; • expropriation of assets; • war, civil uprisings and riots; • government instability; • the necessity of obtaining governmental approval for new and continuing products and operations; • legal systems or decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; • restructuring and integration of the Company' s European operations; • public health epidemics; • unanticipated income taxes, excise duties, import taxes, export taxes or other governmental assessments • locating and entering into agreements with third- party logistics providers to assist in certain locations outside the United States. In addition, the development of additional distribution space abroad involves significant financial and operational risks; and • difficulties in managing a global enterprise. Any significant violations of regulations or the occurrence of the events listed above could result in civil or criminal sanctions or the loss of export or other licenses, which could have a material adverse effect on the Company' s business, results of operations and financial condition. In addition, the Company' s organizational structure may limit its ability to transfer funds between countries, particularly into and out of the United States, without incurring adverse tax consequences. Any of these events could result in a loss of business or other unexpected costs that could reduce sales or profits and have a material adverse effect on the Company' s financial condition, results of operations and cash flows. The Company is subject in the ordinary course of its business, in the United States and elsewhere, to many statutes, ordinances, rules and regulations that, if violated by the Company or its affiliates, partners or vendors, could have a material adverse effect on the Company' s business. The Company is required to comply with the United States Foreign Corrupt Practices Act (" FCPA "), the U. K. Bribery Act and similar anti- bribery, anti- corruption and anti- kickback laws adopted in many of the countries in which the Company does business that prohibit the Company from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business and also require maintenance of adequate record- keeping and internal accounting practices to accurately reflect transactions. Under the FCPA, companies operating in the United States may be held liable for actions taken by their strategic or local partners or representatives. The U. K. Bribery Act is broader in scope than the FCPA in that it directly addresses commercial bribery in addition to bribery of government officials and it does not recognize certain exceptions, notably facilitation payments that are permitted by the FCPA. Civil and criminal penalties may be imposed for violations of these laws. In many of the countries in which the Company operates, particularly those with developing economies, it is or has been common for government officials and businesses to engage in business practices that are prohibited by these laws. If the Company does not properly implement and maintain practices and controls with respect to compliance with applicable anti- corruption, anti- bribery and anti- kickback laws, or if the Company fails to enforce those practices and controls properly, the Company may be subject to regulatory sanctions, including administrative costs related to governmental and internal investigations, civil and criminal penalties, injunctions and restrictions on the Company' s business and capital raising activities, any of which could materially and adversely affect the Company' s business, results of operations and financial condition. The Company' s employees, distributors, dealers and other agents could engage in conduct that is not in compliance with such laws for which the Company might be held responsible. If the Company' s employees, distributors, dealers or other agents are found to have engaged in illegal practices, the Company could suffer substantial penalties and the reputation, business, results of operations and financial condition of the Company could be materially adversely affected. The Company is subject to laws and regulations governing the Internet and e- commerce. These existing and future laws and regulations may impede the growth of the Internet, e- commerce or other online services. These regulations and laws may cover taxation, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, and personal privacy apply to the Internet and e- commerce. Unfavorable resolutions of these issues could diminish the demand for the Company' s products on the Internet and increase the cost of doing business. For example, in 2018, the U. S. Supreme Court ruling in South Dakota v. Wayfair, Inc. et al reversed longstanding precedent that remote sellers are not required to collect state and local sales taxes and established that a state may enforce or adopt laws requiring online retailers to collect and remit sales tax if there is a substantial nexus between the online retailer' s activity and the state, even if the retailer has no physical presence within the taxing state. While the Company now ~~collect~~ **collects** , remits and reports sales tax in states that it does business, it is possible that Company' s effective income tax rate, the cost of the Company' s e- commerce business, and the growth of its e- commerce business could be materially adversely effected other new laws or regulations governing the ~~internet~~ **Internet** and e- commerce. This potential negative impact on the Company' s e- commerce business could have a material adverse effect on the Company' s overall business, results of operations and financial condition. Climate change, environmental, social and governance and sustainability initiatives may result in regulatory or structural industry changes that could require significant operational changes and expenditures, reduce demand for the Company' s products and adversely affect our business, financial condition, and results of operations. Greenhouse gases may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Such events could have a negative effect on our business. Concern over climate change may result in new or additional legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation cost, and utility increases. Moreover, natural disasters and extreme weather conditions may impact the productivity of our facilities, the operation of our supply chain, or consumer buying patterns. Any of these risks could have a material adverse effect on our business. Climate change, environmental, social and governance (" ESG ") and sustainability are a growing global movement. Continuing political and social attention to these issues has resulted in both existing and pending international agreements and national, regional and local legislation, regulatory measures, reporting obligations and policy changes. Also, there is increasing societal pressure in some of the areas where we operate, to limit greenhouse gas emissions as well as other global initiatives. These agreements and measures, including the Paris Climate Accord, may require, or could result in future legislation, regulatory measures or policy changes that would require operational changes, taxes, or purchases of emission credits to reduce emission of greenhouse gases from our operations, which may result in substantial capital expenditures. Furthermore, increasing attention to climate change, ESG and sustainability has resulted in governmental investigations, and public and private litigation, which could increase our costs or otherwise adversely affect our business or results of operations. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us, which could have a negative impact on the price of our securities and our access to and costs of capital. **Additionally, on March 21, 2022, the SEC released proposed rule changes that would require new climate-related disclosure in SEC filings, including certain climate- related metrics and greenhouse gas emissions, information about climate- related targets and goals, transition plans, if any, and extensive attestation requirements. In addition to requiring filers to quantify and disclose direct emissions data, the new rules would also require disclosure of climate impact arising from the operations and uses by the filer' s business partners and contractors and end- users of the filer' s products and / or services. If adopted as proposed, the rule changes could result in the Company incurring material additional compliance and reporting costs, including monitoring, collecting, analyzing and reporting the new metrics and implementing systems and procuring additional internal and external personnel with the requisite skills and expertise to serve those functions.** Any or all of these ESG and sustainability initiatives ~~may~~ **and regulations are likely to** result in significant operational changes and expenditures, reduced demand for our products, cause us reputational harm, and could materially adversely affect our business, financial condition, and results of operations. The Company relies on many information technology systems for the operation of its principal business functions, including, but not limited to, the Company' s enterprise resource planning, warehouse management, inventory forecast and ordering and call center systems. In the case of the Company' s inventory forecast and ordering system, most of the Company' s orders are received directly through electronic connections with the Company' s largest customers. Additionally, the success of certain product categories in a competitive marketplace is dependent upon the creation and launch of new, innovative products. Accordingly, to keep pace within a competitive retail environment, the Company uses and will continue to evaluate new technologies to improve the efficiency of designing new innovative products. The failure or compromise of any of these systems or technologies could have a material adverse effect on the Company' s business and results of operations. The Company is subject to cyber security risks and may incur increasing costs in efforts to minimize those risks and to comply with regulatory standards. The Company employs information technology systems and operates websites which allow for the secure storage and transmission of proprietary or confidential information regarding the Company' s customers, employees and others, including credit card information and personal identification information. The Company has made significant efforts to secure its computer network to mitigate the risk of possible cyber- attacks, including, but not limited to, data breaches, and is continuously working to upgrade its existing information technology systems and provide employee awareness training around phishing, malware, and other cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches. Despite our continuous efforts to ensure the security of the Company' s computer networks, any future cyber incidents could compromise our information technology systems, which could impact operations and confidential information could be misappropriated **.** **Additionally** , ~~which~~ **as Artificial Intelligence (" AI") continues to evolve, cyber- attackers could also use AI to develop malicious code and sophisticated phishing attempts. Although we believe that we have robust information security procedures, controls and other safeguards in place, as cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and / or to investigate and remediate information security vulnerabilities. Any cybersecurity incidents** could lead to negative publicity, loss of sales and profits or cause the Company to incur significant costs to reimburse third- parties for damages, which could adversely impact profits. Additionally, the Company must comply with increasingly complex and rigorous regulatory standards enacted to protect businesses and personal data, including the General Data Protection Regulation (" GDPR ") and the California Consumer Privacy Act. GDPR is a comprehensive European Union privacy and data protection reform, effective in 2018, which applies to companies that are organized in the European Union or otherwise provide services to consumers who reside in the European Union, and imposes strict standards regarding the sharing, storage, use, disclosure and protection of end user data and significant penalties (monetary and otherwise) for non- compliance. The California Consumer Privacy Act, which became effective in January 2020, created new data privacy rights, including a new private right of action for data breaches and requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices and allow consumers to opt out of certain data sharing with third parties. Any failure to comply with GDPR, the California Consumer Privacy Act, or other regulatory standards, could subject the Company to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against the Company by governmental entities or others, damage to the Company' s reputation and credibility, and could have a material adverse effect on the Company' s business and results of operations. The Company is in the process of transitioning the Company ~~'~~**'** s Systems, Applications and Products and other critical systems to cloud- based technologies. As the Company transitions to cloud- based technologies, the Company may be exposed to additional cyber threats as the Company migrates from legacy systems to cloud- based solutions. The Company ~~'~~**'** s increased dependence on third parties for cloud-based systems may also subject the Company to further cyber threats ~~, such as the identified Log4J vulnerability~~ . There can be no assurance that the Company will not suffer a material adverse effect resulting from vulnerabilities in widely deployed software used by third parties. The marketing of certain of the Company' s consumer products involve an inherent risk of product liability claims or recalls or other regulatory or enforcement actions initiated by the U. S. Consumer Product Safety Commission, by the Office of Fair Trading in the U. K., by other regulatory authorities or through private causes of action. The Company has in the past, and may have in the future, recalls (both voluntary and involuntary) of its products. Any defects in products the Company markets could harm the Company' s reputation, adversely affect its relationship with its customers and decrease market acceptance of the Company' s products and the strength of the brand names under which the Company markets such products. Potential product liability claims may exceed the amount of the Company' s insurance coverage (which is subject to self- insured retention amounts) and could materially damage the Company' s business and its financial condition. Additionally, the Company' s product standards could be impacted by new or revised environmental rules and regulations or other social initiatives. The Company is subject to a broad range of federal, state, local, foreign and multi- national laws and regulations relating to the environment. These include laws and regulations that govern: • discharges into the air, water and land; • the handling and disposal of solid and hazardous substances and wastes; and • remediation of contamination associated with release of hazardous substances at the Company' s facilities and at off- site disposal locations. The Company may incur material costs to comply with increasingly stringent environmental laws and enforcement policies. Moreover, there are proposed international accords and treaties, as well as federal, state and local laws and regulations, which would attempt to control or limit the causes of climate change, including the effect of greenhouse gas emissions on the environment. In the event that the U. S. government or foreign governments enact new climate change laws or regulations or make changes to existing laws or regulations, compliance with applicable laws or regulations may result in increased manufacturing costs for the Company' s products, such as by requiring investment in new pollution control equipment or changing the ways in which certain of the Company' s products are made. The Company may incur some of these costs directly ~~and~~ **, while** ~~others~~ - **other costs** may be passed on to the Company from its third- party suppliers. The Company also may incur costs associated with government inquiries and investigations. For example, in August 2021 a wholly- owned subsidiary of the Company received a Notice of Liability from the Department of Justice on behalf of the EPA ~~, and~~ **. Negotiations** in **connection with** ~~September 2021,~~ the ~~subsidiary submitted~~ **Notice culminated in** a **Consent Decree for** ~~good faith offer to conduct additional testing and remedial~~ **Remedial** ~~design~~ **Design** ~~, which is under consideration by~~ **and Remedial Action at Operable Unit One of** the ~~EPA~~ **San German Groundwater Contamination Site (" Consent Decree ")** . For further discussion of the Company ~~'~~ **'** s legal proceedings refer to NOTE 14 — COMMITMENTS AND CONTINGENCIES to the Company ~~'~~ **'** s consolidated financial statements included in this Annual Report on Form 10- K. Any ~~failure by~~ **finding that** the Company ~~to be~~ **is not** in compliance with applicable environmental laws and regulations or any new laws and regulations in the future could have a material adverse effect on the Company' s business, financial condition and results of operations. The Company' executives and other key employees are critical to the Company' s success. The loss of and / or failure to attract and maintain its highly skilled employees could adversely affect the Company' s business. The Company' s success depends, in part, on the efforts and skills of its executives and other key employees. The Company' s key employees are experienced and highly qualified in the housewares industry. The loss of any of the Company' s executive officers or other key employees could harm the business and the Company' s ability to timely achieve its strategic initiatives. The Company' s success also depends, in part, on its ability to identify, hire and retain other skilled personnel. The Company' s industry is characterized by a high level of employee mobility and aggressive recruiting among competitors for personnel with successful track records as well as growing pressure to increase wages for skilled personnel in the industry. The Company may not be able to attract and retain skilled personnel or may incur significant costs in order to do so **. As a result of the Company' s acquisition of Filament, Taylor Parent has significant influence over the Company and its interests may conflict with the Company' s or its stockholders in the future** . As a result of the issuance of common stock to Taylor Parent, Taylor Parent has significant influence over the Company. Going forward, Taylor Parent' s degree of control will depend on, among other things, its level of ownership of the Company' s common stock and its ability to exercise certain rights under the terms of the Stockholders Agreement that the Company entered into with Taylor Parent in connection with the acquisition and merger agreement. Under the Stockholders Agreement, for so long as Taylor Parent continues to beneficially own at least 50 % of the shares it received at the consummation of the acquisition, neither the Company nor any of its subsidiaries may take any of the following actions without the approval of the directors designated by Taylor Parent, such approval not to be unreasonably withheld: (i) enter into any agreement for a transaction that would result in a change of control of the Company; (ii) consummate any transaction for the sale of all or substantially all of the Company' s assets; (iii) file for reorganization pursuant to Chapter 11, or for liquidation pursuant to Chapter 7, of the U. S. Bankruptcy Code; (iv) liquidate or dissolve the business and affairs of the Company; (v) take any Board of Directors action to seek an amendment to the Company' s Certificate of Incorporation or approve, or recommend that the Company' s stockholders approve, an amendment to the Company' s Amended and Restated Bylaws, except as required by Delaware Law (as defined in the merger agreement) or other applicable law and other than amendments that would not materially and disproportionately affect Taylor Parent; (vi) incur additional debt in excess of $ 100 million in the aggregate, subject to certain exceptions; (vii) acquire or dispose of assets or a business, in each case with an individual value in excess of $ 100 million; **or** (viii ~~) terminate the employment of the Chief Executive Officer, other than for cause (in which case the Company shall consult in good faith with Taylor Parent on a replacement Chief Executive Officer); or (ix~~ ) adopt a stockholder rights plan that does not exempt as " grandfathered persons " the stockholders party to the Stockholders Agreement and their affiliates from being deemed " acquiring persons " due to their beneficial ownership of the common stock of the Company upon the public announcement of adoption of such stockholder rights plan (it being understood that no such plan shall restrict any stockholder party to the Stockholders Agreement or its affiliates from acquiring, in the aggregate, common stock up to the level of their aggregate percentage beneficial ownership as of the public announcement of the adoption of such stockholder rights plan). Accordingly, Taylor Parent' s influence over the Company and the consequences of such control could have a material adverse effect on the Company' s business and business prospects and negatively impact the trading price of its common stock.