

Risk Factors Comparison 2025-04-16 to 2024-03-26 Form: 10-K

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The following risk factors should be read carefully in connection with evaluating Movado Group's business. These risks and uncertainties could cause actual results and events to differ materially from those anticipated. Additional risks which the Company does not presently consider material, or of which it is not currently aware, may also have an adverse impact on the business. Please also see "Forward-Looking Statements" on page 1. Risks Related to Macroeconomic Conditions and ~~our~~ International **Operations** ~~Adverse Operations~~ ~~Adverse~~ economic conditions in key markets, and the resulting declines in consumer confidence and spending, could have a material adverse effect on the Company's operating results. The Company's results are dependent on a number of factors impacting consumer confidence and spending in key markets, including, but not limited to, general economic and business conditions; wages and employment levels; volatility in the stock market; home values and housing costs; inflation; consumer debt levels; availability and cost of consumer credit; economic uncertainty; solvency concerns of major financial institutions; fluctuations in foreign currency exchange rates; commodity prices; fuel and energy costs and / or shortages; tax issues; and general political conditions, both domestic and abroad. Adverse economic conditions, including declines in employment levels, disposable income, consumer confidence and economic growth could result in decreased consumer spending that would adversely affect sales of consumer goods, particularly those, such as the Company's products, that are viewed as discretionary items. In addition, events such as international hostilities (including the Russian invasion of Ukraine and war in the Middle East), terrorism, natural disasters or outbreaks of disease may further suppress consumer spending on discretionary items. If any of these events should occur or intensify, the Company's future sales could decline and the Company's results of operations could be materially adversely affected. This could also result in the potential for impairment surrounding ~~our~~ **the Company's** long-lived assets. A significant portion of the Company's business is conducted outside of the United States. Many factors affecting business activities outside the United States could adversely impact this business. Over 80 % of the Company's product unit volume originates from Asia, with the vast majority coming from China. Substantially all of the remaining products originate from Europe. The Company also generates approximately ~~56~~ **57** ~~8.4~~ % of its revenue from international sources. Factors that could affect this business activity vary by region and market and generally include, without limitation: • instability or changes in social, political, public health, environmental, and / or economic conditions that could disrupt the production or trade activity in the countries where the Company's manufacturers, suppliers and customers are located; • supply chain disruptions related to global, regional or local circumstance that fall outside of the Company's control; • the imposition of additional **trade restrictions**, duties, taxes and other charges on imports and exports; • changes in foreign laws and regulations; • inflation and increases in commodity prices (including energy); • the adoption or expansion of trade sanctions; • recessions in foreign economies; and • a significant change in currency valuation in specific countries or markets. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition. The Company's business is subject to foreign currency exchange rate risk. A significant portion of the Company's inventory purchases are denominated in Swiss Francs and, to a lesser extent, the Japanese Yen. The Company also sells to third-party customers in a variety of foreign currencies, most notably the Euro and the British Pound. The Company reduces its exposure to the Swiss Franc, Euro, British Pound, Chinese Yuan and Japanese Yen exchange rate risks through a hedging program. Under the hedging program, the Company manages most of its foreign currency exposures on a consolidated basis, which allows it to net certain exposures and take advantage of natural offsets. In the event these exposures do not offset, the Company has the ability under a hedging program to utilize forward exchange contracts and purchased foreign currency options to mitigate foreign currency risk. If the Company does not utilize hedge instruments or if such instruments are unsuccessful at minimizing the risk or are deemed ineffective, any fluctuation of the Swiss Franc, Euro, British Pound, Chinese Yuan, Hong Kong Dollar or Japanese Yen exchange rates could impact the future results of operations. Changes in currency exchange rates may also affect relative prices at which the Company and its foreign competitors sell products in the same market. Additionally, a portion of the Company's net sales are recorded in its foreign subsidiaries in a currency other than the local currency of that subsidiary. This predominantly occurs in the Company's Hong Kong and Swiss subsidiaries when they sell to Euro and British Pound based customers. The Company utilizes forward exchange contracts to mitigate this exposure. To the extent not hedged, any fluctuation in the Euro and British Pound exchange rates in relation to the Hong Kong dollar and Swiss Franc would have an effect on these sales that are recorded in Euros and British Pounds. The currency effect on these sales has an equal effect on their recorded gross profit since the costs of these sales are recorded in the entities' respective local currency. As a result of these and other foreign currency sales, certain of the Company's subsidiaries have outstanding foreign currency receivables. Furthermore, since the Company's consolidated financial statements are presented in U. S. dollars, revenues, income and expenses, as well as assets and liabilities of foreign currency denominated subsidiaries must be translated into U. S. dollars at exchange rates in effect during or at the end of each reporting period. Fluctuations in foreign currency exchange rates could adversely affect the Company's reported revenues, earnings, financial position and the comparability of results of operations from period to period. Additional U. S. Special Tariffs or other restrictions placed on imports ~~from China~~, ~~and any~~ retaliatory trade measures taken by ~~China~~, **other countries and resulting trade wars**, may have a material adverse impact on the Company's financial condition and results of operations. Starting in July 2018, the U. S. government announced a series of lists covering thousands of categories of Chinese origin products subject to ~~potential~~ U. S. special tariffs in addition to the regular tariffs that have historically applied to such products. Most of the Company's packaging products are made in China and ~~became~~ **have been** subject to a U. S. **special 25 % tariff since May 2019. In addition, most of the bands used in the**

production of the Company's traditional watches, as well as most of the Company's jewelry, are made in China and have been subject to a U. S. special 7.5 % tariff since February 2020. In March and April 2025, the Trump Administration announced a series of additional special tariffs, some of which have been temporarily paused. The additional special tariffs already in effect as of the date of this annual report on Form 10-K are tariffs of 10 % on most products (including all or substantially all products imported by the Company) from all countries worldwide, and a 145 % tariff on substantially all products of Chinese origin. Together with the special tariffs applicable to Chinese products implemented in 2018, the special tariffs on Chinese products implemented in 2025 have increased the total U. S. special tariff on Chinese packaging materials to 170 % and on Chinese watch bands and jewelry to 152.5 %. In addition, the special 10 % tariff in September 2018 applicable to all other countries applies to substantially all other products imported by the Company, including all Swiss watches as well as all watch heads (i. e., the entirety of a watch other than the watch band) produced in the Far East (which generally have Japanese movements) which was increased to 25 % effective May 10, 2019. In addition, most of the bands and used in the production of the Company's traditional watches are therefore considered products of Japan for made in China and became subject to the U. S. customs purposes) special 15 % tariff effective September 1, 2019, although the tariff rate was decreased to 7.5 % effective February 14, 2020. If increases in the U. S. special tariffs were to increase, the Company may seek to raise prices for watches products sold in the United States, which is the Company's single largest market, which could result in the loss of customers and harm its operating performance. Alternatively, the Company may seek to shift production outside of China, resulting in significant costs and disruption to the Company's operations and materially and adversely affecting its costs, sales and results of operations. In addition, Additional tariff increases or trade restrictions imposed by the United States could materially adversely effect the results of operations of the Company's U. S. business may be impacted by retaliatory. For example, in April 2025, the Trump Administration announced a series of so-called "reciprocal" tariffs on dozens of countries with which the U. S. has a trade deficit, including special incremental measures taken by China or other countries in response to existing or future tariffs of 32 % on Swiss goods, causing 24 % on Japanese goods, and 34 % on Chinese goods. On April 9, the Trump Administration a 90-day pause in the implementation of these "reciprocal" tariffs. However, Company to raise prices or make changes to its operations, the Company any of which could experience a materially material harm adverse effect on its financial condition and results of operations if these incremental tariffs go into effect. There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of tariffs by China and other countries, leading to a global trade war. For example, in April 2025, China announced tariffs of 125 % on all imports from the United States. Trade restrictions implemented by the United States, China or other countries in connection with a global trade war could result in the Company needing to raise prices or make changes to its operations, any of which could result in a material adverse effect on its financial condition and results of operations. There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected. The Company is subject to the ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002. These provisions provide for the identification of material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's management does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon 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. Over time, a control may be inadequate because of changes in conditions, such as growth of the Company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. In addition, discovery and disclosure of a material weakness, by definition, could have a material adverse impact on our financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us, result in higher borrowing costs and affect how our stock trades. This could in turn negatively affect our ability to access public debt or equity markets for capital. The Company's inability to successfully recover from extreme weather conditions, natural disasters or other catastrophic events or developments impacting business continuity or sales opportunities could result in loss of human capital, revenue, production capability, logistics efficiency, reputational harm or legal liability, any of which could materially harm its financial condition and results of operations. The Company has a complex global operations, supply chain and distribution network. If the Company or key participants in its value chain were to experience a local or regional natural disaster or other development impacting business continuity, such as an earthquake, hurricane, flood, wildfire, tsunami, other natural or man-made disaster, political crisis such as terrorist attacks, war, and other political instability, public health crisis including infectious disease outbreaks, pandemics, and endemics, or other catastrophic event, its continued success will depend, in part, on the safety and availability of personnel, facilities, and raw materials, and on the proper functioning of manufacturing, transportation, computer, telecommunication and other systems and services. Climate change exacerbates these risks by increasing the frequency and severity of extreme weather events and natural disasters. If the Company cannot efficiently respond to disruptions

in **our** its operations, for example, by finding alternative suppliers or distributors or quickly repairing damaged systems, it may be late in fulfilling customer orders, thereby resulting in reputational damage, lost sales, or cancellation charges, any of which could materially harm its financial condition and results of operations. In addition, natural disasters may disrupt purchasing behaviors, negatively impacting revenue generation. Risks Related to **our the Company's Business BusinessThe** The Company's wholesale business could be negatively affected by the consumer shift toward online shopping, as well as by further changes of ownership, contraction and consolidation in the retail industry. Consumers' growing preference for purchasing products online may continue to reduce foot traffic at traditional retail stores and increase price competition for the Company's products, which could discourage traditional retailers from investing in sales support for those products. This could reduce consumer demand for the Company's products and thereby materially adversely affect the Company's wholesale business. In addition, a large portion of the Company's wholesale business is based on sales to major jewelry store chains and department stores. The retail industry has experienced changes in ownership, contraction and consolidations. Future reorganizations, changes of ownership and consolidations could further reduce the number of retail doors in which the Company's products are sold and increase the concentration of sales among fewer large regional retailers, which could materially adversely affect the Company's wholesale business. The Company faces intense competition in the worldwide watch industry not only from competitors selling traditional watches but also from those selling smart watches and other wearables. The watch industry is highly competitive and the Company competes globally with numerous manufacturers, importers, distributors and Internet-based retailers, some of which are larger than the Company and have greater financial, distribution, advertising and marketing resources. The Company's products compete on the basis of price, features, brand image, design, perceived desirability and reliability. However, there can be no assurance that the Company's products will compete effectively in the future and, unless the Company remains competitive, its future results of operations and financial condition could be adversely affected. The Company also faces significant competition from companies introducing and selling smart wearable devices including smart watches. Many of these companies have significantly greater financial, distribution, advertising and marketing resources than does the Company. The sale of these **new** smart products could materially adversely impact the traditional watch market and the Company's results of operations and financial condition. The design, sourcing, marketing, distribution and after- sales servicing of smart watches involve additional challenges to those applicable to traditional watches. Although the Company is not currently manufacturing new smart watch models, to the extent the Company elects to launch or maintain smart watch offerings, important differences in the way smart watches are designed, sourced, marketed, distributed, and serviced as compared to traditional watches may make it more difficult to compete successfully in the smart watch market, particularly for competitors such as the Company that must rely on the expertise of third parties who are active in this market. For example, smart watches' significant reliance on technology increases the risk of allegations of infringement on the intellectual property rights of others. Smart watch product development entails greater fixed costs than those for traditional watches, which means that higher unit sales of smart watches are generally needed in order to achieve reasonable gross margins. In addition, consumers may expect that smart watches, particularly the more expensive models, will for many years continue to function and be compatible with the smartphone operating systems with which they were intended to interface, including future updates to such operating systems. Since the Company has no control over such operating system updates, it cannot assure such continued compatibility. If the Company fails to meet consumers' expectations regarding the long- term functioning of any smart watches that it sells, the Company may suffer reputational damage that could adversely affect its business, results of operations and financial condition. Maintaining favorable brand recognition is essential to the Company's success, and failure to do so could materially and adversely affect the Company's results of operations. Favorable brand recognition is an important factor to the future success of the Company. The Company sells its products under a variety of owned and licensed brands. Factors affecting brand recognition are often outside the Company's control, and the Company's efforts to create or enhance favorable brand recognition, such as making significant investments in marketing and advertising campaigns (including increased exposure through social media, influencer messaging and other digital advertising channels), product design and anticipation of fashion trends, may not have their desired effects. Additionally, the Company relies on its licensors to maintain favorable brand recognition of their respective brands, and the Company has little or no control over the brand management efforts of its licensors. Finally, although the Company's independent distributors are subject to contractual requirements to protect the Company's brands, it may be difficult to monitor or enforce such requirements, particularly in foreign jurisdictions. Any decline in perceived favorable recognition of the Company's owned or licensed brands and any negative response to social media, influencer or other digital media campaigns could materially and adversely affect future results of operations and profitability. If the Company is unable to respond to changes in consumer demands and fashion trends in a timely manner, sales and profitability could be adversely affected. Fashion trends and consumer demands and tastes often shift quickly. The Company attempts to monitor these trends in order to adapt its product offerings to suit customer demand. There is a risk that the Company will not properly perceive changes in trends or tastes, which may result in the failure to adapt the Company's products accordingly. In addition, new model designs are regularly introduced into the market for all brands to keep ahead of evolving fashion trends as well as to initiate new trends. The public may not favor these new models or the models may not be ready for sale until after the trend has passed. If the Company fails to respond to and keep up to date with fashion trends and consumer demands and tastes, its brand image, sales, profitability and results of operations could be materially and adversely affected. Regulatory restrictions and a changing marketing environment could materially and adversely affect the Company's ability to penetrate key market segments, resulting in the loss of market share and revenue. The Company utilizes various marketing service providers and technologies, including third- party cookies, pixels, and other automated means ("Third- Party Cookies"), to provide a data- driven, personalized consumer experience **online**. In response to privacy regulations and consumer preferences, technology companies have begun moving toward a "cookieless future," web browsers are implementing certain cookie- blocking measures, and ecommerce sites are offering various privacy settings options. Scrutiny of consumer marketing practices is increasing, and

regulatory expectations and oversight are expanding, especially around product sustainability claims. These shifts are changing how the Company markets to and engages with consumers. If the Company's adjustments are delayed or are not as effective as current advertising and marketing strategies, the Company's conversion rate may be adversely affected, brand recognition may decline, market share may be negatively impacted, and sales, profitability and results of operations could be materially and adversely affected. In addition, a small number of large digital advertising companies control a majority of the digital advertising market in many countries, and continued consolidation in the industry could further increase those companies' market share. Digital advertising has become more expensive in recent years and further industry consolidation or the tightening of regulatory restrictions could accelerate this trend. Increased advertising costs could materially and adversely affect the Company's profitability and results of operations.

Failure Requirements to meet environmental, social and governance regulations, expectations or standards could adversely affect the Company's business, reputation, results of operations and financial condition. Many governments, regulators, investors, employees, customers, and other stakeholders are increasingly focused on the environmental, social and governance (ESG) performance of companies, including climate change, greenhouse gas emissions, human and civil rights, diversity, equity and inclusion initiatives, and supply chain conditions. In addition to the rapidly developing legal obligations imposed by governmental and self-regulatory organizations, a variety of third-party bodies and institutional investors evaluate the performance of companies on ESG topics. Understanding, developing, and acting on ESG matters, complying with legal obligations, and collecting, measuring, validating, and reporting ESG-related information and metrics can be costly, difficult, and time-consuming, especially as requirements and expectations continue to evolve. As a responsible corporate citizen, the Company actively ~~manages~~ **evaluates the impacts, risks and opportunities that** ESG issues **may present** and makes statements about its ESG policies and initiatives through its annual Corporate Responsibility Report and various other communications; however, the Company cannot guarantee that it will achieve ~~any of its announced goals~~ **it may announce**. In addition, the Company could be criticized for the nature and scope of any goals set or not set or for the accuracy, adequacy, or completeness of the Company's disclosures. **Conversely, so-called "anti-ESG" and "anti-DEI" sentiment has also gained momentum across the United States, with several states and federal authorities having enacted or proposed "anti-ESG" policies, legislation or issued executive orders and legal opinions and engaged in related investigations and litigation. Additionally, a regulatory framework that opposes ESG policies and initiatives may also make it harder for the Company to operate across jurisdictions.** The Company's failure or perceived failure to ~~achieve~~ **comply with any** such ~~goals or to meet~~ **ESG expectations or "anti-ESG" framework** could harm the Company's reputation, adversely impact its ability to attract and retain customers and talent, impair its access to or cost of capital, and expose it to legal and regulatory proceedings and increased scrutiny, thereby adversely affecting the Company's business, results of operations and financial condition. If the Company loses any of its license agreements, there may be significant loss of revenues and a negative effect on business. The Company's license agreements include certain minimum royalty payments and other material requirements. Failure to meet any of these requirements could result in the loss of the license. Additionally, after the term of any license agreement has concluded, the licensor may decide not to renew with the Company. For the fiscal year ended January 31, ~~2024~~ **2025**, the Company's licensed brands represented ~~53.5~~ **55.9** % of the Company's net sales. While the Company is not substantially dependent on any one licensed brand, the loss of a single licensed brand could have a material adverse effect on the Company's results of operations and financial condition. In addition, the Company's revenues and profitability under its various license agreements may change from period to period due to various factors, including the maturity of the Company's relationship with the respective licensor, changes in consumer preferences, brand repositioning activities and other factors, some of which are outside of the Company's control. Changes in the sales or channel mix of the Company's products could impact gross profit margins. The individual brands that are sold by the Company are sold at a wide range of price points and yield a variety of gross profit margins. In addition, sales of excess and / or discontinued inventory into liquidation channels generate a lower gross profit margin than non-liquidation sales. Thus, the mix of sales by brand as well as by distribution channel can have an impact on the gross profit margins of the Company. If the Company's sales mix shifts unfavorably toward brands with lower gross profit margins than the Company's historical consolidated gross profit margin or if a greater proportion of liquidation sales are made, it could have an adverse effect on the results of operations. The Company's business is seasonal, so events and circumstances that adversely affect holiday consumer spending will have a disproportionately adverse effect on the Company's results of operations. The Company's sales are seasonal by nature. The Company's U. S. sales are traditionally greater during the Christmas and holiday season. Internationally, major selling seasons center on significant local holidays that occur in late winter or early spring. The amount of net sales and operating income generated during these seasons depends upon the general level of retail sales at such times, as well as economic conditions and other factors beyond the Company's control. The second half of each of the fiscal years ended January 31, ~~2025, 2024, and 2023~~ **and 2022** accounted for ~~55.4 %, 54.62 %, and 54.0 %~~ **and 57.9 %** of the Company's net sales, respectively. If events or circumstances were to occur that negatively impact consumer spending during such holiday seasons, it could have a material adverse effect on the Company's sales, profitability and results of operations. Sales in the Company's retail outlet locations are dependent upon customer foot traffic and average order size. The success of the Company's retail outlet locations is, to a certain extent, dependent upon the amount of customer foot traffic generated by the outlet centers in which those stores are located. Factors that can affect customer foot traffic include:

- changes in consumer discretionary spending;
- the location of the outlet center;
- the location of the Company's store within the outlet center;
- the other tenants in the outlet center;
- the occupancy rate of the outlet center;
- the success of the outlet center and tenant advertising to attract customers;
- changes in competition in areas surrounding the outlet center;
- increased competition from shopping over the internet and other alternatives such as mail-order; and
- desirability of the Company's brands and products.

Additionally, since many of the Company's retail outlets are located near vacation destinations, factors that affect travel could decrease outlet center traffic. Such factors include the price and supply of fuel, travel concerns and restrictions (including those due to disease outbreaks such as COVID 19), international instability, terrorism and inclement

weather. Future closures of the Company's retail stores or reductions in foot traffic could have a material adverse effect on retail sales and the profitability of the Company Stores segment. The success of the Company's retail outlet locations is also dependent, to a certain extent, upon the average order size at ~~our~~ **its** outlet stores. Factors that can affect average order size include product mix, promotional activities, and number of units sold per transaction. If adverse changes in product mix or pricing were to reduce the average sales price of ~~our~~ **the Company's** products, or if the average number of units per transaction were to decrease, whether due to a reduction in sales to volume buyers who resell ~~our~~ **the Company's** products or otherwise, there could be a material adverse effect on ~~our~~ **the** Company Stores segment. If the Company is unable to maintain existing space or to lease new space for its retail outlets in prime outlet center locations or is unable to complete construction on a timely basis, the Company's ability to achieve favorable results in its retail business could be adversely affected. The Company's outlet stores are strategically located in top outlet centers in the United States and Canada, many of which are located near vacation destinations. Due to significant industry consolidation in recent years, the remaining outlet center operators use their significant market power to increase rents in prime locations when existing leases are renewed or new leases are executed. If the Company cannot maintain and secure locations in prime outlet centers for its outlet stores on acceptable lease terms, it could jeopardize the operations of the stores and business plans for the future. Additionally, if the Company cannot complete construction in new stores within the planned timeframes, cost overruns and lost revenue could adversely affect the profitability of the Company Stores segment. The Company's e-commerce business is subject to numerous risks that could have an adverse effect on the Company's business and results of operations. Although sales through the Company's e-commerce channels have constituted a minority of its net sales historically, such sales are growing, and the Company expects to continue to grow its e-commerce business in the future. Though direct-to-consumer sales generally have higher profit margins and provide the Company with useful insight into the impact of its marketing campaigns, further development of the Company's e-commerce business also subjects the Company to a number of risks. The Company's online sales may negatively impact the Company's relationships with wholesale customers and distributors and their willingness to invest in the Company's brands if they perceive that the Company is competing with them. In addition, the Company's sales via major online marketplaces have grown significantly in recent years, and these sales could be adversely impacted by changes in the marketplace operators' strategies regarding the sale of the Company's products or product categories. There also is a risk that the Company's e-commerce business may divert sales from the Company's own brick and mortar stores. The Company's failure to successfully respond to these risks might adversely affect sales in the Company's e-commerce business as well as damage its reputation and brands. In addition, online commerce is subject to increasing privacy regulation by states, the U. S. federal government, and various foreign jurisdictions. Compliance with these laws may increase the Company's costs of doing business, and the Company's failure to comply with these laws may subject the Company to potential fines, claims for damages and other remedies, any of which would have an adverse effect on the Company's financial condition and results of operations. If the technology-based systems that give the Company's customers the ability to shop online do not function effectively, the Company's operating results could be materially adversely affected. Many customers shop with the Company through its online platforms, often through mobile devices. The Company is increasingly using social media and proprietary mobile applications to interact with the Company's customers and to enhance their shopping experience. Any failure on the Company's part to provide attractive, effective, reliable, user-friendly e-commerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place the Company at a competitive disadvantage, result in the loss of e-commerce and other sales, harm the Company's reputation with customers, and have a material adverse impact on the growth of the Company's e-commerce business globally and its results of operations. Furthermore, the Company's e-commerce operations subject the Company to risks related to the computer systems that operate the Company's websites and related support systems, such as system failures, viruses, computer hackers and similar disruptions. If the Company is unable to continually add software and hardware, effectively upgrade its systems and network infrastructure and take other steps to improve the efficiency of its systems, system interruptions or delays could occur that adversely affect the Company's operating results and harm the Company's brands. The Company depends on its technology vendors to manage "up time" of the front-end e-commerce stores, manage the intake of orders, and export orders for fulfillment. Any failure on the part of the Company's third-party e-commerce vendors or in the Company's ability to transition third-party services effectively could result in lost sales and harm the Company's brands. Environmental factors, including climate change, and related regulatory action and consumer response, could substantially and negatively affect the Company's financial results. The intensifying effects of climate change present physical, liability, and transition risks with both macro and micro implications for companies and financial markets. Extreme weather events may cause shipping delays, result in property damage, and affect supply chains. As countries seek to address risks associated with climate change, laws and regulations may be adopted or strengthened. The Company's failure to identify climate and other environmental risks, to mitigate these risks, or to meet consumer expectations regarding sustainability may adversely affect the Company's ability to attract and retain top talent, negatively impact the Company's and its brands' reputation and consumer loyalty, disrupt the Company's supply chain, and result in lost sales. In addition, implementing changes to mitigate these risks may result in substantial short and long-term additional operational expenses, which may materially affect the Company's profitability. If the Company misjudges the demand for its products, high inventory levels could adversely affect future operating results and profitability. Consumer demand for the Company's products can affect inventory levels. If consumer demand is lower than expected, inventory levels can rise, causing a strain on operating cash flows. If the inventory cannot be sold through the Company's wholesale channel or retail outlet locations, additional write-downs or write-offs to future earnings could be necessary. Conversely, if consumer demand is higher than expected, insufficient inventory levels could result in unfilled customer orders, loss of revenue and an unfavorable impact on customer relationships. Volatility and uncertainty related to macro-economic factors make it difficult for the Company to forecast customer demand in its various markets. Failure to properly judge consumer demand and properly manage inventory

could have a material adverse effect on profitability and liquidity. If the Company were to lose its relationship with any of its key customers or distributors or any of such customers or distributors were to experience financial difficulties, there may be a significant loss of revenue and operating results. The Company's customer base covers a wide range of distribution including national jewelry store chains, department stores, independent regional jewelers, online marketplaces, licensors' retail stores and a network of independent distributors in many countries throughout the world. Except for its agreements with independent distributors, the Company does not have long-term sales contracts with its customers. Customer purchasing decisions could vary with each selling season. A material change in customers' purchasing decisions could have an adverse effect on the Company's revenue and operating results. The Company extends credit to its customers based on an evaluation of each customer's financial condition, usually without requiring collateral. Should any of the Company's larger customers experience financial difficulties, it could result in the Company curtailing business with them, an increased rate of product returns or an increase in the Company's accounts receivable exposure. The inability to collect on these receivables could have an adverse effect on the Company's financial results and cash flows. In many countries, independent distributors are entitled to seek compensation from the entity that granted them distribution rights upon termination of the parties' contractual relationship. Such compensation can equal or exceed one year's worth of the distributor's profits attributable to the distribution of the relevant goods. Although the Company generally renews its agreements with most of its distributors at the end of the then-current contractual term, if the Company elects not to renew its distribution agreements with large distributors or with multiple smaller distributors, it may be required to make material termination payments to such distributors, which would have an adverse effect on its operating results. The inability or difficulty of the Company's customers, suppliers and business partners to obtain credit could materially and adversely affect its results of operations and liquidity. Many of the Company's customers, suppliers and business partners rely on a stable, liquid and well-functioning financial system to fund their operations, and a disruption in their ability to access liquidity could cause serious disruptions to or an overall deterioration of their businesses which could impair their ability to meet their obligations to the Company, including delivering product ordered by the Company and placing or paying for future orders of the Company's products, any of which could have a material adverse effect on the Company's results of operations and liquidity. The ~~recent~~ tightening of monetary policies of countries throughout the world **in recent years** in response to inflationary pressures have resulted in **elevated** interest ~~rate~~ **rates** ~~increases~~ and could reduce availability of credit. An increase in product returns or lost product could negatively impact the Company's operating results and profitability. The Company permits the return of defective products and accepts limited amounts of non-defective product returns in certain instances. Accordingly, the Company provides allowances for the estimated amounts of these returns at the time of revenue recognition based on historical experience. While such returns have historically been relatively consistent with management's expectations and the provisions established, in recent years the number and frequency of consumer reports of lost packages or delivery delays have increased, and national carriers have changed their policies to make it more difficult for companies to recover the value of associated losses. In addition, future return rates may differ from those experienced in the past. Any significant increase in damaged or defective products, expected returns or carrier-related losses could have a material adverse effect on the Company's operating results for the period or periods in which such returns materialize. The Company relies on independent parties to manufacture its products. Any loss of an independent manufacturer, or the Company's inability to deliver quality goods in a timely manner, could have an adverse effect on customer relations, brand image, net sales and results of operations. The Company employs a flexible manufacturing model that relies on independent manufacturers to meet shifts in marketplace demand. Most of these manufacturers rely on third-party suppliers for the various component parts needed to assemble finished watches sold to the Company. All such independent manufacturers and suppliers must achieve and maintain the Company's high-quality standards and specifications. Their inability to do so could cause the Company to miss committed delivery dates with customers, which could result in cancellation of the customers' orders. In addition, delays in delivery of satisfactory products could have a material adverse effect on the Company's profitability, particularly during the fourth quarter. The Company generally does not have long-term supply commitments with its manufacturers and thus competes for production facilities with other organizations, some of which are larger and have greater resources. Any loss of an independent manufacturer or disruption in the supply chain with respect to critical component parts may result in the Company's inability to deliver quality goods in a timely manner and could have an adverse effect on customer relations, brand image, net sales and results of operations. In this regard, the Company relies on only three Swiss watch movement manufacturers, one of which is a wholly owned subsidiary of a competitor of the Company, and only one of which supplies mechanical movements. The elimination or disruption of any of these manufacturers could disrupt the Company's Swiss watch operations. This is particularly true for mechanical movements given the single source of supply, although mechanical movements are only used in a relatively small number of the Company's watch styles. The Company ~~expects contractually obligates~~ its independent finished goods manufacturers to adhere to the Company's vendor code of conduct and similar codes of conduct adopted by the Company's trademark licensors, and the Company monitors for compliance **by following a risk-based model that may include** conducting periodic factory audits. There can be no assurance, however, that all of the Company's manufacturers will consistently comply with labor and other laws and operate in accordance with ethical standards. Deviations from these laws and standards could interrupt the shipment of finished products and damage the Company's reputation and could have a material adverse effect on the Company's financial condition and results of operations. Interruptions at any of the Company's major warehouse and distribution centers could materially adversely affect its business. The Company operates one distribution facility in New Jersey that is responsible for importing and warehousing products as well as fulfilling and shipping most orders by the Company's customers in the United States, Canada and the Caribbean and by many of the Company's customers in Latin America. The Company operates a smaller, similar facility in Bienne, Switzerland for the distribution of its Swiss watch brands throughout Europe and the Middle East, and in Australia and India through its joint ventures there. In addition, the Company has contracted with third-party warehouse and fulfillment providers in the Netherlands, Hong Kong, mainland China, Czech

Republic, the U. K., ~~and Mexico and the United States~~. The complete or partial loss or temporary shutdown of any of the Company's or third- parties' warehouse and distribution facilities (including as a result of fire or other casualty or labor or other disturbances) could have a material adverse effect on the Company's business. In addition, the Company's New Jersey warehouse and distribution facility is operated in a special purpose sub- zone established by the U. S. Department of Commerce Foreign Trade Zone Board and is highly regulated by U. S. Customs and Border Protection, which, under certain circumstances, has the right to shut down the entire sub- zone and, therefore, the entire warehouse and distribution facility. If that were to occur, the Company's ability to fill orders for its U. S., Canadian, Latin American and Caribbean customers would be significantly impacted, which could have a material adverse effect on the Company's results of operations and financial condition. Current or future cost reduction, streamlining, restructuring or business optimization initiatives could result in the Company incurring significant charges. In adapting to changing economic and industry conditions, the Company may be required to incur severance and relocation expenses, write- offs or write- downs of assets, impairment charges, facilities closure costs or other business optimization costs. These costs will reduce the Company's operating income and net income (along with the associated per share measures) and could have a material adverse effect on the Company's results of operations. The Company depends on its information systems to run its business and any significant breach of or disruption to those systems could materially disrupt the Company's business. The Company relies on its information systems to operate all aspects of its business, including, without limitation, order processing, inventory and supply chain management, customer communications, purchasing and financial reporting. Although the Company attempts to take reasonable steps to mitigate the risks to its computer hardware and software systems, including such measures as the use of firewalls, automatically expiring passwords, encryption technology and periodic vulnerability tests, no system can be completely secure, particularly given the increasing threat posed by computer hackers and cyber terrorists. Hackers and data thieves are increasingly sophisticated and operate large- scale and complex attacks that may include computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks and large- scale automated attacks, phishing, social engineering, hacking and other cyber- attacks. These risks may increase as the Company continues to expand its reliance on cloud services **and as generative artificial intelligence expands in its use and capabilities**. Breaches of the Company's network or databases, or those of its third- party providers, may result in the loss of valuable business data, misappropriation of consumers' or employees' personal information, or a disruption of the Company's business, which could give rise to unwanted media attention, impair the Company's ability to place and fulfill orders and process payments, materially damage the Company's customer relationships and reputation, and result in lost sales, fines or lawsuits. The Company's information systems could also experience system failures, viruses, power outages, network and telecommunications failures, usage errors ~~our by its~~ employees, or other events which could disable or significantly impair the systems' functionality. Additionally, the Company's systems may fail to operate properly or effectively, experience problems transitioning to upgraded or replacement systems or difficulties in integrating new systems. In that regard, ~~we are the Company is~~ currently migrating many of ~~our its~~ IT systems and applications to the cloud, including ~~our its~~ global enterprise resource planning system, which is designed to efficiently maintain ~~our its~~ financial records and provide information important to the operation of ~~our its~~ business. Although ~~we the Company~~ **anticipate** that these cloud migrations will increase efficiency and functionality, such migrations entail risks in implementation and make the Company more reliant on third party service providers. Any material disruption or slowdown of the Company's information systems could result in the loss of critical data, the inability to process and properly record transactions and the material impairment of the Company's ability to conduct business, leading to cancelled orders and lost sales. In addition, the Company's e- commerce business is vulnerable to additional risks associated with the Internet, including changes in required technology interfaces, website downtime and other technical failures, security breaches and consumer privacy concerns. A breach and loss of data could also subject the Company to liability to its customers or suppliers and could also cause competitive harm if sensitive information is publicized. In the event the Company is not successful in responding to these risks and uncertainties, its online sales may decline, the associated costs with its e- commerce activity may increase and its reputation may be damaged. Although the Company maintains an information security risk insurance policy to address many of these risks, such policy may not suffice to prevent a cyber- incident from resulting in a material adverse effect on ~~our its~~ business, financial condition and operating results due to various policy limitations and exclusions. If the Company is unable to successfully implement its growth strategies, its future operating results could suffer. There are risks associated with the Company's expansion through acquisitions, license agreements, joint ventures and similar initiatives. New brands may not complement the brands in the Company's existing portfolio and may not be viewed favorably by the consuming public. In addition, the integration of a new business or licensed brand into the Company's existing business can strain the Company's resources and infrastructure, and there can be no assurance that the integration will be successful or generate sales increases. The inability to successfully implement its growth strategies could adversely affect the Company's future financial condition and results of operations. Acquisitions inherently involve significant risks and uncertainties. ~~We The Company~~ **continually review** ~~reviews~~ acquisition opportunities that will enhance ~~our its~~ market position, expand ~~our its~~ product lines and provide synergies. Any of the following risks associated with ~~our the Company's~~ past acquisitions or future acquisitions, individually or in aggregate, may have a material adverse effect on ~~our its~~ business, financial condition and operating results: • difficulties in realizing anticipated financial or strategic benefits of such acquisition; • diversion of capital from other uses and potential dilution of stockholder ownership; • risks related to increased indebtedness; • significant capital and other expenditures may be required to integrate the acquired business into ~~our the Company's~~ operations; • disruption of ~~our the Company's~~ ongoing business or the ongoing acquired business, including impairment or loss of existing relationships with ~~our its~~ employees, distributors, suppliers or customers or those of the acquired companies; • diversion of management's attention and other resources from current operations, including potential strain on financial and managerial controls and reporting systems and procedures; • difficulty in integrating acquired operations, including restructuring and realigning activities, personnel, technologies and products; •

assumption of known and unknown liabilities, some of which may be difficult or impossible to quantify; and • non-cash impairment charges or other accounting charges relating to the acquired assets. Impairment charges could have an adverse impact on ~~our~~ **the Company's** results of operations. ~~We are~~ **The Company is** required to test property plant and equipment and other long-lived assets for impairment as facts and circumstances warrant. Such long-lived assets include significant minority investments by the Company in early-stage growth companies and venture capital funds that invest in such companies, which investments are highly unpredictable. Impairment may result from any number of factors, including adverse changes in assumptions used for valuation purposes, such as actual or projected net sales, growth rates, profitability or discount rates, or other variables. If testing indicates that impairment has occurred, ~~we are~~ **the Company is** required to record a non-cash impairment charge. Should the value of ~~our~~ **the Company's** finite-lived intangible assets, property, plant and equipment and other long-lived assets become impaired, it could have a material adverse effect on ~~our~~ **the Company's** results of operations. The loss or infringement of the Company's trademarks or other intellectual property rights could have an adverse effect on future results of operations. The Company's trademarks and other intellectual property rights are vital to the competitiveness and success of its business and it therefore takes actions to register and protect them. Such actions may not be adequate to prevent imitation of the Company's products or infringement of its intellectual property rights, or to assure that others will not challenge the Company's rights, or that such rights will be successfully defended. Moreover, the laws of some foreign countries, including some in which the Company sells its products, do not protect intellectual property rights to the same extent as do the laws of the United States, which could make it more difficult to successfully defend such challenges to them. The Company's inability to obtain or maintain rights in its trademarks, or the inability of the Company's licensors to obtain or maintain rights in their trademarks, could have an adverse effect on brand image and future results of operations. Changes to laws or regulations impacting the industries in which the Company operates could require it to alter its business practices which could have a material adverse effect on its results of operations. The Company conducts business, either directly or indirectly, in numerous countries and accordingly is subject to a multitude of legal requirements impacting the industries in which it operates. Changes to existing laws and regulations or new laws and regulations could impose new requirements and additional costs on the Company and its suppliers, making the Company's products or packaging more costly to produce and forcing the Company to change its existing business practices. Any resulting costs increases could place the Company at a competitive disadvantage and sales of its products could decline, adversely affecting its financial condition and results of operations. Changes to tax laws or regulations could have a material adverse effect on the Company's financial condition and results of operations. Changes in U. S. federal, state and international tax laws and regulations, including changes suggested by the U. S. presidential administration, could have an adverse impact on ~~our~~ **the Company's** tax liabilities and effective tax rate. In addition, the overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty around taxation in many jurisdictions. For example, the Organization for Economic Cooperation and Development, ("OECD"), which represents a coalition of western countries, including the U. S., is implementing changes to numerous long-standing tax principles, including enacting a global minimum tax and expanding the digital taxing rights of market countries. Furthermore, a number of countries where the Company does business, including many European countries, are considering changes in relevant tax, accounting and other laws, regulations and interpretations, including changes to tax laws applicable to multinational corporations. Foreign countries may decide to enact tax laws that may negatively affect the Company's foreign tax liabilities in response to any real or perceived negative effects of the U. S. tax changes on their countries, and / or states or local governments may decide to enact additional tax laws that may increase tax liabilities for companies doing business in those jurisdictions as they see opportunities to capitalize on the reduction in the federal corporate tax rate. Finally, while the Company believes its tax positions are consistent with the tax laws in the jurisdictions in which the Company conducts business, the final outcome of tax audits or disputes could result in adjustments to the Company's tax liabilities which could have a material adverse effect on the Company's effective tax rate, results of operations, cash flows and financial condition. **Additionally, the U. S. government has recently enacted tariff increases on imports. These actions may result in reciprocal tariffs or other restrictive trade measures by foreign jurisdictions on U. S. goods. These conditions are causing greater uncertainty in the global economy.** The Company is subject to complex and evolving laws and regulations regarding privacy and data protection that could result in legal claims, changes to business practices and increased costs that could materially and adversely affect the Company's results of operations. The Company is subject to a variety of U. S and foreign laws and regulations governing privacy and data protection. The shift in ~~our~~ **the Company's** business toward e-commerce, and the expansion of ~~our~~ **its** business in certain jurisdictions, and ~~our~~ **its** greater reliance on cloud services may subject ~~us~~ **it** to additional such laws and regulations. These U. S. federal and state and foreign laws and regulations are evolving, may increase restrictions relating to the receipt, transfer, processing and retention of personal data, and the restrictions imposed thereby are not always clear. In addition, foreign court decisions and regulatory actions could impact ~~our~~ **the Company's** ability to receive, transfer and process personal data relating to ~~our~~ **its** employees and direct and indirect customers. The Company may need to update its data map or take other measures to comply with these requirements and interpretive guidance, a process that is complex, time consuming, and complicated by rapidly evolving and expanding cloud services and solutions. Existing and proposed privacy and data protection laws and regulations around the world result and may continue to result in significant compliance risks, operating costs, diverted resources from other initiatives and projects, marketing restrictions, limitations on service offerings, and negative publicity for the Company and may subject it to remedies that may harm its business, including fines, regulatory penalties, orders to modify or cease existing business practices, and significant legal liability. Any of the foregoing could materially adversely affect the Company's results of operations and financial condition. If the Company were to experience a significant privacy breach, it could be subject to costly government enforcement actions and private litigation and suffer significant negative publicity which could materially and adversely affect the Company's results of operations. As part of the normal course of business the Company is involved in the receipt and storage of electronic information about customers and employees, as well as proprietary

financial and non-financial data. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms have recently been subject to increased public scrutiny. Although the Company believes it has taken reasonable and appropriate actions to protect the security of this information, if the Company were to experience a security breach, acts of vandalism, ransomware attacks, computer viruses, misplaced or lost data, programming and / or human errors or other similar events, it could result in government enforcement actions and private litigation, attract a substantial amount of media attention, and damage the Company's reputation and its relationships with its customers and employees, materially adversely affecting the Company's sales and results of operations. This risk has increased with the Company's increased focus on direct-to-consumer sales and increased reliance on cloud services. From time to time the Company is subject to legal proceedings that could result in significant expenses, fines and reputational damage. The Company is involved in legal proceedings and other disputes from time to time, including those involving consumers, employees and contractual counterparties, as well as governmental audits and investigations. The most significant of these proceedings are described in Item 3 "Legal Proceedings" of this report. The Company cannot predict the ultimate outcome of legal disputes. The Company could in the future be required to pay significant amounts as a result of settlements, judgments or fines in these matters, potentially in excess of accruals. The resolution of, or increase in accruals for, one or more of these matters could have a material adverse effect on the Company's results of operations and cash flows. If the Company were to lose key members of management or be unable to attract and retain the talent required for the business, operating results could suffer. The Company's ability to execute key operating initiatives as well as to deliver product and marketing concepts appealing to target consumers depends largely on the efforts and abilities of key executives and senior management's competencies. The unexpected loss of one or more of these individuals could have an adverse effect on the future business. The Company cannot guarantee that it will be able to attract and retain the talent and skills needed in the future. If the Company cannot secure and maintain financing and credit on favorable terms, the Company's financial condition and results of operations may be materially adversely affected. Credit and equity markets remain sensitive to world events and macro-economic developments. Therefore, the Company's cost of borrowing may increase and it may be more difficult to obtain financing for the Company's operations or to refinance long-term obligations as they become payable. In addition, the Company's borrowing costs can be affected by independent rating agencies' short and long-term debt ratings which are based largely on the Company's performance as measured by credit metrics including interest coverage and leverage ratios. A decrease in these ratings would likely also increase the Company's cost of borrowing and make it more difficult for it to obtain financing. A significant increase in the costs that the Company incurs to finance its operations may have a material adverse impact on its business results and financial condition. In addition, any failure by the Company to comply with the various covenants contained in its corporate credit facility, including financial maintenance covenants, could result in the termination of the facility and the acceleration of the Company's repayment obligations thereunder, which could have a material adverse effect on the Company's financial condition and liquidity. Risks Related to **Internal Controls**

Management has identified a material weakness in the Company's internal control over financial reporting and related weakness in the Company's disclosure controls and procedures, which could, if not remediated, result in material misstatements in the Company's interim or annual consolidated financial statements. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures as defined in Rule 13a-15 under the Exchange Act. In late January 2025, the Company became aware of allegations of misconduct within the Dubai branch (the "Dubai Branch") of the Company's Swiss subsidiary, MGI Luxury Group Sàrl, related to sales to certain customers in the Middle East, India & Asia Pacific region (the "Affected Region"). Promptly thereafter, the Company retained outside counsel to conduct an investment investigation into these allegations. Based on that investigation, the Company has determined that the former managing director of the Dubai Branch, who oversaw the Affected Region, as well as certain employees under his direction, took actions that resulted in our Common Stock an overstatement of sales, premature recognition of sales, and underreporting of credit notes (e.g., sales discounts) owed to customers in the Affected Region. These actions included the use of a third-party warehouse unknown to the Company's management to facilitate the premature recognition of sales, and the falsification of documents to circumvent internal controls. The Grinberg family owns conduct occurred over a majority period of approximately five years (beginning with the Company's fiscal year ended January 31, 2021). The investigation has not identified any impact to reported sales to customers in the other voting power of regions, nor has the investigation identified any knowledge Company's stock. Each share of common stock of, or participation in, the misconduct by Company employees (whether is entitled to one vote per share while each share of class A common stock of the Company is entitled to ten votes per share. While the members of management or otherwise) outside of the Grinberg family do Affected Region. The Company has terminated the now former managing director of the Dubai Branch. The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting and its disclosure controls and procedures. As a result of this evaluation, management identified a material weakness in the Company's internal control over financial reporting and disclosure controls and procedures. Because of such material weakness, management concluded that the Company did not own a majority maintain effective internal control over financial reporting and disclosure controls and procedures as of January 31 the Company's outstanding common stock, by 2025, 2024 and 2023. Refer to Item 9A, Controls and Procedures, of this Report for further information. As described in Item 9A. Controls and Procedures of this Report, this material weakness resulted in their-- the restatement of the Company's annual and interim consolidated financial statements. Accordingly, the Company has restated consolidated financial statements for the Affected Periods in this Report. See Note 1A- Restatement of Previously Issued Consolidated Financial Statements, in Item 8, Financial Statements and Supplementary Data. The Company has begun and will continue to implement changes designed to

improve its internal control over financial reporting and its disclosure controls and procedures and to remediate the material weakness, including implementing changes to the organizational structure in the Affected Region to mitigate the risk of inappropriate influence being applied to circumvent existing controls. However, the material weakness will not be considered remediated until management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective. The Company will monitor the effectiveness of the remediation plan and will refine the remediation plan, as needed. Until remediated, the material weakness could potentially result in future errors to the Company's financial statements. Remediation measures are time consuming, require significant holdings of class A common stock costs and place significant demands on the Company's financial and operational resources. In order to improve the effectiveness of its internal control over financial reporting and disclosure controls and procedures a majority of the voting power represented by all outstanding shares of both classes of stock. Consequently, the Grinberg family is in a position Company has expended, and will need to determine or continue to expend, significantly significant influence resources, including accounting and legal- related costs and significant management oversight. Any failure to remediate the material weakness, or the development of any new material weakness matters that are brought to a vote of the shareholders including, but not limited to, the election of the Board of Directors, any amendments to the Company's certificate of incorporation, mergers or sales of all or substantially all of the Company's assets. This concentration of ownership also may delay, defer or even prevent a change in the Company's internal control of the Company and make some transactions more difficult or impossible without the support of the Grinberg family. These transactions might include proxy contests, tender offers, mergers or other purchases of shares of common stock that could give stockholders the opportunity to realize a premium over financial reporting the then- prevailing market price for shares of the Company's common stock. The Company's stock price could fluctuate and disclosure controls and procedures possibly decline due to changes in revenue, operating could results- result and cash flows. The in material misstatements in the Company's financial statements revenue, results of operations and cash flows can be affected by several factors cause the Company to fail to meet its reporting and financial obligations, some of which are not within in turn could have a negative impact on its reputation control. Those factors include, but are not limited to, those described as risk factors in this Item 1A. and brand under "Forward- Looking Statements" on page 1. Any or all of these factors could cause a decline in revenues or an and financial condition increase in expenses, either of which would have an adverse effect on the results of operations. If the Company's earnings failed to meet the expectations of the investing public in any given period, the Company's stock price could fluctuate and decline.