Risk Factors Comparison 2023-09-20 to 2022-09-21 Form: 10-K

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Our business is subject to numerous risks. The following summary highlights some of the risks you should consider with respect to our business and prospects. This summary is not complete and the risks summarized below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in more detail in the " Risk Factors " below, which includes a more complete discussion of the risks summarized here. Risks Relating to Our Business • **We may be unable to retain clients or maintain a high level of engagement with our clients and maintain or increase their spending with us, which could harm our business, financial condition, or operating results. •** Our ~~continued~~ growth depends on attracting new clients. • We ~~may be unable to maintain a high level of engagement with our clients and increase their spending with us, which could harm our business, financial condition, or operating results. • We~~ rely on paid marketing to help grow our business, but these efforts may not be successful or cost effective, and such expenses may vary from period to period. • If we are unable to manage our inventory effectively, our operating results could be adversely affected. • **Operational constraints** ~~The COVID- 19 pandemic has caused significant disruption to our~~ - **or** ~~operations and impacted~~ our ~~business, key financial and operating metrics, and results of operations in numerous ways that remain unpredictable. • Our~~ failure to adequately and effectively staff ~~our fulfillment centers and other operational constraints at~~ our fulfillment centers could adversely affect our client experience and operating results. • Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results. • Our business, including our costs and supply chain, is subject to risks associated with the sourcing and pricing of merchandise and raw materials. • We may not be able to return to ~~or sustain our~~ revenue growth ~~rate~~ and we may not be profitable in the future. • If we fail to effectively manage our ~~growth, our~~ business, **our** financial condition ~~,~~ and operating results could be harmed **. • If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected** . • If we are unable to develop and introduce new offerings or expand into new markets in a timely and cost- effective manner, our business, financial condition, and operating results could be negatively impacted. • We have a short operating history in an evolving industry and, as a result, our past results may not be indicative of future operating performance ~~. • Expansion of our operations internationally requires management attention and resources, involves additional risks, and may be unsuccessful~~ . • Our business depends on a strong brand and we may not be able to maintain our brand and reputation ~~. • If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected~~ . • If we fail to effectively manage our stylists, our business, financial condition and operating results could be adversely affected. • If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed. • We may incur significant losses from fraud. • We are subject to payment- related risks. Risks Relating to our Industry, the Market, and the Economy • We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends. • Our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected. • Our operating results have been, and could be in the future, adversely affected by natural disasters, public health crises, political crises, or other catastrophic events. Cybersecurity, Legal and Regulatory Risks • System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business. • Compromises of our data security **or that of our third- party service providers** could cause us to incur unexpected expenses and may materially harm our reputation and operating results. • Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications. • Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate our business. • Any failure by us or our vendors to comply with product safety, labor, or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers, may damage our reputation and brand, and harm our business. • Our use of personal information ~~and other~~ **, personal** data **, and sensitive information** subjects us to privacy laws and **other** obligations **(such as cybersecurity and data protection in contracts)** , and our compliance with or failure to comply with such obligations could harm our business. • Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results. • If the use of " cookie " tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results. • If we cannot successfully protect our intellectual property, our business would suffer. • We may be accused of infringing intellectual property rights of third parties. Risks Relating to Taxes • Changes in U. S. tax or tariff policy regarding apparel produced in other countries could adversely affect our business. • We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results. • Federal income tax reform could have unforeseen effects on our financial condition and results of operations. • We may be subject to additional tax liabilities, which could adversely affect our operating results. • Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. Risks Relating to Ownership of Our Class A Common Stock • The market price of our Class A common stock may continue to be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may lose all or part of your investment. • We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves. • Future sales of shares by existing stockholders could cause our stock price to decline. • The dual class structure of our common stock concentrates voting control with our **directors,** executive officers, ~~directors~~ and their affiliates, and may depress the trading price of our Class A common stock. • We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock. • Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock. • Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. General Risk Factors • Future securities sales and issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock. • If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price. • We may ~~require additional~~ **not be able to generate sufficient** capital to support **and grow our** business ~~growth~~ , and ~~this~~ **outside** capital might not be available or may be available only by diluting existing stockholders. • If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our **Class A** common stock adversely, the trading price or trading volume of our Class A common stock could decline. RISK FACTORS Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Annual Report on Form 10- K (this " Annual Report "), and in our other public filings. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment. This Annual Report also contains forward- looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward- looking statements as a result of specific factors, including the risks and uncertainties described below. ~~Our success depends on our ability to attract new clients in a cost- effective manner. To expand our client base, we must appeal to and acquire clients who have historically used other means to purchase apparel, shoes, and accessories, such as traditional brick- and- mortar apparel retailers or the websites of our competitors. We also face competition for clients from other retailers who offer or plan to offer similar services as ours. We currently utilize both digital and offline channels to attract new visitors to our website or mobile app and subsequently convert them into clients. Our current marketing efforts include client referrals, affiliate programs, campaigns with celebrities and influencers, partnerships, display advertising, television, print, radio, video, content, direct mail, social media, email, mobile " push " communications, search engine optimization, and keyword search campaigns. The launch of Freestyle to new- to- Stitch Fix clients also opened up new marketing opportunities and channels with which we have less experience. Our marketing expenses have varied from period to period, and we expect this trend to continue as we test new channels and refine our marketing strategies. We may increase our marketing spend and cannot be certain that increases in marketing spend will yield more clients, achieve meaningful payback on our investments, or be cost effective. We may also adjust our marketing strategy or spend within a period if we are not achieving the intended results or if we believe the return- on- investment is not favorable, which may result in faster or slower rates of active client growth in any given period. For instance, in the fourth quarter of fiscal year 2021, we did not spend as much on marketing as anticipated as we waited to launch Freestyle to new- to- Stitch Fix customers. In the first and second fiscal quarters of fiscal year 2022, we spent less on marketing because we were experiencing weaker- than- expected conversion of new clients and decided to pull back to focus on evolving the Freestyle offering and refining the client onboarding experience. This negatively impacted our ability to acquire new clients, and in turn, our net revenue in subsequent quarters of fiscal year 2022. We also experienced weaker- than- expected conversion of new clients in the second and third quarters of fiscal 2022 driven by onboarding challenges and lower site traffic, due in part to the ongoing effects of Apple' s iOS privacy changes that require apps to get a user' s opt- in permission before tracking or sharing the user' s data across apps or websites owned by companies other than the app' s owner. In addition, we seek to attract new clients by offering new products, services, and ways to engage with our platform, such as our Freestyle offering.~~ If ~~such new products or~~ **our** ~~services are not timely or successfully launched or are not successful in attracting new clients, our revenue growth and results of operations may suffer. In fiscal year 2022, our results were below our expectations, in large part, because the initial launch of our Freestyle did not drive as much new client growth as we anticipated. Moreover, new clients may not purchase from us as frequently or spend as much with us as~~ existing clients ~~,~~ **no longer find our service** and **merchandise appealing or appropriately priced,** ~~the~~ **they** ~~revenue generated from new clients~~ may ~~not be as high as the revenue generated from~~ **make fewer purchases or may stop using our service altogether. Even if** our existing clients ~~. These factors~~ **continue to find our service and merchandise appealing, they** may ~~harm~~ **decide to receive fewer Fixes** ~~our~~ **or** ~~growth prospects and~~ **purchase fewer items from their Fixes** ~~our~~ **or** ~~business could be adversely affected~~ **through Freestyle as their demand for new apparel declines, due to macroeconomic conditions, or for other reasons** . A high proportion of our revenue comes from repeat purchases by existing clients, especially those existing clients who are highly engaged and purchase a significant amount of merchandise from us. If ~~existing clients no longer find our service and merchandise appealing or appropriately priced, they may make fewer purchases and may stop using our service. Even if our existing clients continue to find our service and merchandise appealing, they may decide to receive fewer Fixes or purchase fewer items from their Fixes or through Freestyle over time as their demand for new apparel declines or due to macroeconomic conditions or uncertainty. In addition, as we expand our assortment to include more products with lower price points, the amount~~

~~clients spend with us may decrease. If~~ clients who receive Fixes most frequently or purchase a significant amount of merchandise from us ~~were to~~ make fewer or lower priced purchases or stop using our service **altogether** , our financial results ~~could~~ **will** be negatively affected **. For instance, in fiscal year 2023, our number of active clients decreased throughout the year due to our inability to attract new clients and retain existing clients. This negatively affected our fiscal year 2023 revenue and is expected to affect our revenue in fiscal year 2024** . We seek to attract high- quality clients who will remain clients for the long term, but our efforts may not be successful or produce the results we anticipate. For example, if we are not able to engage new Fix clients effectively so they continue receiving Fixes after their first few tries, our active client growth will **continue to** suffer. In addition, in the fall of 2021, we launched Freestyle to new- to- Stitch Fix clients. We did not acquire as many new clients through Freestyle as we had hoped ~~and we have less experience engaging with this new client base and developing high- quality relationships outside of our Fix offering~~ . Our inability to attract and keep high- quality clients engaged, a **continued** decrease in our number of **active** clients, or a decrease in client spending ~~on the merchandise we offer~~ could negatively affect our operating results. **Our** ~~Further, we believe that our future~~ success ~~will depend~~ **depends** ~~in part~~ on our ability to ~~increase sales to our existing clients over time and, if we are unable to do so, our business may suffer. Promoting awareness of our service is important to our ability to grow our business, drive client engagement, and~~ attract new clients **in a cost- effective manner** . ~~Our~~ **To expand our client base, we must appeal to and acquire clients who have historically used other means to purchase apparel, shoes, and accessories, such as traditional brick- and- mortar retailers or other online retailers. We currently utilize both digital and offline channels to attract new visitors to our website or mobile app and subsequently convert them into clients. At any given time, our advertising efforts may include, social media** marketing **, keyword search campaigns** ~~efforts currently include client referrals~~ , affiliate programs **, partnerships** , campaigns with celebrities and influencers, ~~partnerships,~~ display advertising, television, ~~print,~~ radio, video, content, direct mail ~~, social media~~ , email, mobile " push " communications, **SMS, and** search engine optimization **. Our marketing expenses have varied from period to period** , and **we expect this trend to continue as we evolve our marketing strategies and employ a disciplined approach to marketing spend. If we increase our marketing spend, we cannot be certain that these increases will yield more clients, achieve meaningful payback on our investments, or be cost effective. We may also adjust our marketing strategy or decrease spend within a period if we are not achieving the intended results or if we believe the return- on- investment is not favorable, which may result in faster or slower rates of active client growth in any given period. For instance in the first and second quarters of fiscal 2022, we spent less on marketing because we were experiencing weaker- than- expected conversion of new clients and decided to pull back to focus on evolving the Freestyle offering and refining the client onboarding experience. This negatively impacted our ability to acquire new clients, and in turn, our net revenue in subsequent quarters of fiscal year 2022. We also experienced weaker- than- expected conversion of new clients in the second and third quarters of fiscal year 2022 driven by onboarding challenges and lower site traffic, due in part to the ongoing effects of Apple' s iOS privacy changes that require apps to get a user' s opt- in permission before tracking the user or sharing the user' s data across apps or websites owned by companies other than the app' s owner. In addition, we seek to attract new clients by offering new products, services, and ways to engage with our platform, such as our Freestyle offering. If such new products or services are not timely or successfully launched or are not successful in attracting new clients, our results of operations may suffer. In fiscal 2022, our results were below our expectations, in large part, because the initial launch of Freestyle did not drive as much new client growth as we anticipated. Moreover, new clients may not purchase from us as frequently or spend as much with us as existing clients, and the revenue generated from new clients may not be as high as the revenue generated from our existing clients. These factors may harm our growth prospects and our business could be adversely affected. Promoting awareness of our service is important to our ability to grow our business, drive client engagement, and attract new clients. At any given time, our marketing and advertising efforts may include, client referrals, social media marketing,** keyword search campaigns **, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile " push " communications, SMS, and search engine optimization** . External factors beyond our control, including general economic conditions and decreased discretionary consumer spending, have impacted and may in the future impact the success of our marketing initiatives or how much we decide to spend on marketing in a given period. We also adjust our marketing activity from period to period or within a period as we launch new initiatives or offerings, such as Freestyle, run tests, or make decisions on marketing investments in response to anticipated rates of return, such as when we identify favorable cost per acquisition trends. For example, in ~~the fourth quarter of fiscal year 2021, we did not spend as much on marketing as anticipated as we waited to launch Freestyle to new- to- Stitch Fix customers. In~~ the first and second fiscal quarters of fiscal year 2022, we spent less on marketing because we were experiencing weaker- than- expected conversion of new clients and decided to pull back to focus on evolving the Freestyle offering and refining the client onboarding experience. This led to fewer clients being acquired, which negatively impacted our net revenue for the remainder of fiscal year 2022. We have seen increased costs in certain digital marketing channels and our marketing initiatives may become increasingly expensive; generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur. We currently obtain a significant number of visits to our websites via organic search engine results. Search engines frequently change the algorithms that determine the ranking and display of results of a user' s search, which could reduce the number of organic visits to our websites, in turn reducing new client acquisition and adversely affecting our operating results. Social networks are important as a source of new clients and as a means by which to connect with current clients, and their importance may be increasing. We may be unable to effectively maintain a presence within these networks, which could lead to lower than anticipated brand affinity and awareness, and in turn could adversely affect our operating results. Further, mobile operating system and web browser providers, such as Apple and Google, have implemented product changes to limit the ability of advertisers to collect and use data to target and measure advertising. For example, Apple made a change in iOS 14 that required apps to get a user' s opt-in permission before tracking **a user** or sharing the user' s data across apps or websites owned by companies other than the app' s owner. Google ~~intends to further~~ **has updated its timetable for** ~~restrict~~ **restricting** the use of third- party cookies in its Chrome browser ~~in 2023~~ , consistent with similar actions taken by the owners of other browsers, such as Apple in its Safari browser, and Mozilla in its Firefox browser **. In early 2024, Google will begin banning third party cookies with the goal of phasing them out by the end of 2024** . These changes have reduced and will continue to reduce our ability to efficiently target and measure advertising, in particular through online social networks, making our advertising less cost effective and successful. We expect to continue to be impacted by these changes. With respect to our email marketing efforts, if we are unable to successfully deliver emails to our clients or if clients do not engage with our emails, whether out of choice, because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected. To ensure timely delivery of merchandise, we generally enter into purchase contracts well in advance of a particular season and often before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. ~~For example, in response to the initial consumer reaction to COVID- 19, we cancelled many inventory orders to be prepared for what we expected would be lower client demand. Consequently, when client demand increased, our inventory was not as optimized to meet the demand as we would have liked. Additionally, surges in cases of COVID- 19 impacted some of our vendors, who had delays in producing our orders. Freight delays caused by lockdowns due to COVID- 19, port closures, port congestion, and shipping container and ship shortages have affected us and caused us to experience delays in receiving inventory. Freight delays caused by these issues or new issues, including labor disruptions or shortages, may affect us in future quarters. Our inventory levels also may be affected by product launch delays, consumer demand fluctuations due to macroeconomic factors, uncertainty or otherwise, disruptions in our systems due to upgrades, launches or otherwise, and our inability to predict demand with respect to new categories or products. In the past, we have not always predicted our clients' preferences and acceptance levels of our trend items with accuracy, which has resulted in significant inventory write offs and lower gross margins. Furthermore, we have only recently begun using more traditional liquidation methods, such as sales, clearance events and markdowns, and only to a limited extent thus far.~~ We rely on our merchandising team to order styles and products that our clients will purchase and we rely on our data science to inform the depth and breadth of inventory we purchase, including when to reorder items that are selling well and when to write off items that are not selling well. **We have not always predicted demand and clients' preferences with accuracy, which has negatively impacted revenue or resulted in significant write- offs when we have sub- optimal inventory assortment. For instance, in the fourth quarter of fiscal 2022, we experienced weaker consumer demand, which caused us to have higher inventory levels and increased inventory reserves that affected our financial results. In the third quarter of fiscal 2023, we announced the closure of two additional U. S. fulfillment centers because we believe our inventory would be better optimized across a smaller network of warehouses in the U. S., allowing us to deliver a better client experience with access to a greater breadth inventory for a given Fix, while at the same time operating with lower, more cash efficient, inventory levels. This smaller inventory base and our focus on inventory efficiency creates increased risk related to inventory assortment. If we experience sub- optimal inventory assortment to meet demand, it may affect revenue in current and future quarters.** If we do not predict client demand **accurately,** ~~and tastes well or if our algorithms~~ do not ~~help us~~ reorder or write off the right products in a timely manner, ~~we may~~ **or otherwise do** not effectively manage our inventory ~~and~~ **,** we may experience ~~future~~ significant inventory write- offs **or insufficient inventory to meet demand** , which would adversely affect our operating results. **Additionally** ~~For instance~~ , ~~in~~ **many of our inventory vendors utilize third parties to provide financing that enables** ~~the~~ **them** ~~fourth quarter of 2022,~~ **produce and ship our items. While** we ~~experienced weaker~~ **do not manage the relationships with our vendors and their financial intermediaries, the tightening of credit markets, as well as our recent operating results, have put pressure on some of our vendors' ability to secure that financing. This may impact our ability to receive inventory and manage our assortment. Our inventory levels also may be affected by product launch delays,** consumer demand **fluctuations due to macroeconomic factors** , ~~which~~ **uncertainty or otherwise, disruptions in our systems due to upgrades, launches or otherwise, freight delays, vendor relationships, capacity constraints, and our inability to predict demand with respect to categories or products. For example, freight delays caused by lockdowns due to COVID- 19, port closures, port congestion, and shipping container and ship shortages have affected us and** caused us to ~~have higher~~ **experience delays in receiving** inventory ~~levels and increased inventory reserves that~~ **. Freight delays caused by these issues or new issues, including labor disruptions or shortages, may** ~~affected~~ -- **affect** ~~our financial results~~ **us in future quarters** . ~~Additionally~~ **Also** , in the past we have experienced challenges managing our inventory within the fulfillment centers given storage capacity constraints and challenges hiring fulfillment center employees. Any future such challenges could affect, the amount and types of inventory we have available to offer to clients, and therefore **negatively affect** our operating results. ~~Our~~ **Operational constraints at our fulfillment centers or our failure to adequately and effectively staff our fulfillment centers could adversely affect our client experience and operating results. We currently receive and distribute merchandise at five fulfillment centers in the United States. We also have a fulfillment center in the UK, which is operated by a third party. In June 2023, we announced we planned to enter a consultation period to explore exiting the market in the UK, and on August 24, 2023, we ended the consultation period and made the decision to exit our UK** business **and wind down operations. In June 2023, we announced the intended closures of our Pennsylvania Texas fulfillment centers. Following the closure of these fulfillment centers, we will operate three fulfillment centers in the United States. While we believe three fulfillment centers is the appropriate number to provide the greatest breadth and depth of inventory to our clients and stylists and will allow us to service the same number of existing clients with lower inventory levels, this decreased fulfillment system could cause operational constraints or decreased capacity that could significantly affect our client experience or revenue. Additionally, we may experience operational issues** ~~has~~ - **as** ~~been~~ **we**

transition to our new fulfillment center model which could affect our client experience and ~~financial results~~ .Severe weather events,including earthquakes,hurricanes,tornadoes,floods,fires,storms,and other adverse weather events and climate conditions could also cause operational constraints or temporarily reduce our ability to ship merchandise to clients.For instance,the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of ~~our~~ fulfillment centers.Future weather events,which we expect to become more frequent and more severe with the increasing effects of climate change,could have a significant impact on our operations and **results of operations** may **be exacerbated due to the fact that we will have fewer fulfillment centers to** continue ~~to be materially impacted by the effects~~ **operations during such a closure and therefore each individual fulfillment center will represent a larger portion** of **our overall business. Further, during** the ~~ongoing~~ **third quarter of our 2020 fiscal year, in response to the** COVID- 19 pandemic ~~. This pandemic and related measures taken to contain the spread of COVID- 19~~ , ~~such as government- mandated business closures, office closures, state and local orders to " shelter in place, " and travel and transportation restrictions, have negatively affected the U. S. and global economies and disrupted global supply chains. There continues to be uncertainty around the COVID- 19 pandemic, its duration, and its impact on U. S. and global economic activity and consumer behavior. The COVID- 19 pandemic and related measures have resulted in significant disruption that has negatively impacted and may continue to negatively impact our business. We experienced temporary closures and reduced capacity in the third quarter of fiscal year 2020 as~~ we temporarily closed three of our fulfillment centers ~~as we responded to the pandemic. We allowed employees to opt- in to work, provided them with four weeks of flexible paid time off,~~ and implemented **changes that** ~~additional safety protocols. These efforts~~ resulted in **operational constraints** ~~significantly less capacity in our fulfillment centers during the third quarter of fiscal year 2020~~ , which ~~resulted~~ in ~~delayed Fix shipments, a significant Fix backlog, delayed inventory and return~~ -- **turn** ~~processing, extended wait times for~~ **temporarily reduced our ability to ship merchandise to** clients ~~,~~ and **earn revenue** ~~inventory management challenges~~ . **In** ~~We also experienced intermittent and temporary closures in~~ fiscal year 2021 **, we experienced smaller, intermittent interruptions in connection with** ~~and~~ - **an** ~~increases~~ - **increase** of COVID- 19 cases in our fulfillment centers ~~in connection with the increases of cases caused by both the Delta and Omicron variants~~ . ~~These increases in cases~~ **Any future surges of COVID- 19 or future pandemics may** negatively ~~affected~~ -- **affect** ~~operations~~ **capacity** at our fulfillment centers ~~and any future surges in cases may negatively affect our operations in the future~~ . ~~Additionally,~~ **We have** in **the past** ~~fiscal year 2021, we~~ experienced difficulty hiring employees in our fulfillment centers, which we attributed to ~~both~~ COVID- 19 concerns and to increased competition and rising wages for eCommerce fulfillment center workers. Future capacity constraints in our fulfillment centers...... wages for eCommerce fulfillment center workers. To address this, we increased wages in our fulfillment centers and implemented other policies in order to be more competitive in hiring employees. These wage increases impacted our operating results. We may in the future have difficulty hiring employees in fulfillment centers due to increased competition or otherwise and we may have to increase wages for our fulfillment center employees, which would impact our operating results. These hiring difficulties have caused **capacity constraints in our fulfillment centers** in the past and could in the future cause ~~additional~~ capacity constraints ~~in our fulfillment centers~~ . Capacity constraints in our fulfillment centers could affect the amount and types of inventory we have available to offer to clients, which will affect our results of operations. ~~Additionally, if~~ **Any capacity constraints due to hiring difficulties may be exacerbated due to the fact that** we ~~or our third- party partner~~ **will have fewer fulfillment centers. If we** are unable to adequately staff our fulfillment centers to meet demand, or if the cost of such staffing is higher than projected due to competition, mandated wage increases, regulatory changes, ~~international expansion,~~ or other factors, our operating results will be further harmed . Severe weather events, including earthquakes...... on our operations and results of operations . In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Furthermore, if we fail to comply with wage and hour laws for our nonexempt employees, many of whom work in our fulfillment centers, we could be subject to legal risk, including claims for back wages, unpaid overtime pay, and missed meal and rest periods, which could be on a class or representative basis. Any such issues may result in delays in shipping times, reduced packing quality, or costly litigation, and our reputation and operating results may be harmed ~~. Finally, by using a third- party operator for one of our fulfillment centers, we also face additional risks associated with not having complete control over operations at our UK fulfillment center. Any deterioration in the financial condition or operations of that third party, or the loss of the relationship with that third party, or any event or crisis that impacts the UK generally or the specific area where our fulfillment center is located, would have a significant impact on our operations~~ . We currently rely on three major vendors for our shipping. If we are not able to negotiate acceptable pricing and other terms with these entities, shipping prices increase at unexpected levels, or our shipping vendors experience performance problems or other difficulties, it could negatively impact our operating results and our clients' experience. In addition, our ability to receive inbound inventory efficiently, ship merchandise to clients, and receive returned merchandise from clients may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, public health crises such as the COVID- 19 pandemic, labor disputes, shortages, or strikes, acts of war or terrorism, periods of high e- commerce volume, such as holiday seasons, and similar factors. Due to our business model and the fact that we recognize revenue from Fixes when a client checks out items, rather than when Fixes are shipped, we may be impacted by shipping delays to a greater extent than our competitors. Additionally, delays in shipping may cause an auto- ship client' s subsequent Fixes to be scheduled for a later date, as their next Fix is not scheduled until their checkout is complete. In the second quarter of our 2021 fiscal year, we experienced carrier and client shipping delays due to the COVID- 19 pandemic and the increased strain on our shipping partners during the holiday season. These delays affected our ability to recognize revenue within the quarter, and we may in the future experience these delays and the resulting impact to our financial results, including potentially during future holiday seasons. In the past, strikes at major international shipping ports have impacted our supply of inventory from our vendors and severe weather events have resulted in long delivery delays and Fix cancellations. Additionally, some of our merchandise may be damaged or lost during transit with our shipping vendors. If a greater portion of our merchandise is not delivered in a timely fashion or is damaged or lost during transit, it could adversely affect our operating results or could cause our clients to become dissatisfied and cease using our services, which would adversely affect our business. We currently source nearly all of the merchandise that we offer from third- party vendors, many of whom use manufacturers in the same geographic region, and as a result we may be subject to price increases or fluctuations, inflationary pressures, tariffs, demand disruptions, increased shipping or freight costs, or shipping delays in connection with our merchandise. Increased shipping or freights costs or shipping and freight delays could be caused or exacerbated by labor disputes, shortages, or strikes, inclement weather, fire, flood, power loss, earthquakes, public health crises such as the COVID-19 pandemic, acts of war or terrorism, and periods of high e- commerce volume. Our operating results are and have been negatively impacted by increases in the cost of our merchandise, and we have no guarantees that costs will not rise further or at increasing rates. In addition, as we expand into new categories, product types, and geographies, we expect that we may not have strong purchasing power in these new areas, which could lead to higher costs than we have historically seen in our current categories. We may not be able to pass increased costs on to clients, which could adversely affect our operating results. The fabrics used by our vendors are made of raw materials including, but not limited to, petroleum- based products and cotton. Significant price increases or fluctuations, currency volatility or fluctuation, tariffs, shortages, increases in shipping or freight costs, or shipping delays of petroleum, cotton, or other raw materials could significantly increase our cost of goods sold or affect our operating results. ~~The COVID- 19 pandemic caused delays in some shipments from our suppliers and we have experienced and are now experiencing delays in some shipments from our suppliers caused by lockdowns due to COVID- 19, factory and port closures, port congestion, and shipping container and other shortages.~~ Additionally, we have limited visibility into delays ~~or~~ **and limited** control over shipping. We **have** ~~expect these delays to continue as long as COVID- 19 continues to affect geographies around the world. We are~~ also ~~experiencing~~ **experienced** increased costs of goods due to ~~these~~ freight challenges, increases in the price of raw materials, inflationary pressures, rising fuel and other energy costs, and currency volatility **. Any additional** ~~, and we expect that prices~~ - **price** ~~may continue to increase~~ **increases will** ~~in the near future and~~ affect our operating results. Other factors such as natural disasters have in the past increased raw material costs, impacted pricing with certain of our vendors, and caused shipping delays for certain of our merchandise. Also, the U. S. government' s ban on cotton imported from the Xinjiang region of China, the source of a large portion of the world' s cotton supply, may impact prices and the availability of cotton for our merchandise. Additionally, our products and materials (including potentially non- cotton materials) could be held for inspection by the United States Customs Border Protection (the " ~~US~~ **U. S.** CBP "), which would cause delays and unexpectedly affect our inventory levels. In addition, the labor costs to produce our products may fluctuate. In the event of a significant disruption in the supply of fabrics or raw materials used in the manufacture of the merchandise we offer, our vendors might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, damage to, or increased costs in raw materials or the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise, or non- delivery of merchandise altogether, and could adversely affect our operating results. In addition, we cannot guarantee that merchandise we receive from vendors will be of sufficient quality or free from damage, or that such merchandise will not be damaged during shipping, while stored in one of our fulfillment centers, or when returned by customers. While we take measures to ensure merchandise quality and avoid damage, we cannot control merchandise while it is out of our possession ~~or prevent all damage while in our fulfillment centers~~ . We may incur additional expenses and our reputation could be harmed if clients and potential clients believe that our merchandise is not of high quality or may be damaged. Our past revenue growth and profitability should not be considered indicative of our future performance. Our revenue decreased by **21. 0 % in fiscal 2023 compared to fiscal 2022, decreased by** 1. 4 % in fiscal 2022 compared to **fiscal** 2021, **and** increased by 22. 8 % in fiscal 2021 compared to fiscal 2020 ~~, and increased 8. 5 % in fiscal 2020 compared to fiscal 2019. In the third fiscal quarter of 2022 our revenue decreased by 8. 0 % as compared to the third fiscal quarter of 2021, and in the fourth quarter of 2022 our revenue decreased by 15. 6 % as compared to the fourth quarter of fiscal 2021~~ . Our revenue ~~growth rates~~ may continue to decline in future periods due to a number of factors, which may include **our inability to attract and retain clients,** general economic conditions ~~and~~ **, including a recession or** decreased discretionary consumer spending, ~~the short- and long- term impacts of the COVID- 19 pandemic,~~ decreases in marketing spend, **a decreased** ~~slower client acquisition growth, slower~~ demand for our merchandise and service, increased competition, decreases in the growth rate of our overall market, ~~and~~ **or** our failure to capitalize on growth opportunities ~~, as well as the maturation of our business~~ . We announced a restructuring plan ~~on~~ **in** June ~~9,~~ 2022, intended to reduce our future fixed and variable operating costs. However, our restructuring plan may not adequately reduce expenses or impact our results as we anticipate. Moreover, our expenses may increase, particularly ~~as~~ **if** we ~~expand our operations, infrastructure and geographic markets;~~ develop and introduce new merchandise offerings ~~;~~ **, need to** hire and retain personnel ~~; and~~ **, or increase** ~~invest~~ **investment** in our marketing initiatives. We may not always pursue short- term profits but are often focused on long- term growth, which may impact our financial results. If our revenue does not increase to offset increases in our operating expenses, we may not be profitable in future periods. **We** ~~To effectively manage our growth, we~~ must continue to implement our operational plans and strategies, **and** improve and expand our infrastructure of people and technology ~~, and expand, train, and manage our employee base~~ . ~~To support~~ **Additionally, we expect to** ~~continued~~ - **continue to introduce** ~~growth, we must effectively recruit, hire, integrate, develop, and motivate~~ new **offerings** ~~employees while maintaining our corporate culture~~ , **business strategies** ~~which is made more challenging due to our hybrid environment of in- person~~ and **initiatives,** ~~remote work. We are also required to manage numerous relationships with various vendors~~ and ~~other third parties~~ **improve on existing offerings** . **Our** ~~Further growth of our~~ operations, vendor base, fulfillment centers, information technology systems, or internal controls and procedures may not be adequate to support our **changing** operations. Any change or upgrade to our systems to support the ~~growth and~~ increasing complexity of our business involves risk and we may experience problems or delays as we make upgrades or changes to our systems. For example, in the first quarter of fiscal ~~year~~ 2022, we experienced technical issues following a systems upgrade to our procure- to- pay processes which affected the transmission, receipt, and reconciliation of purchase orders and payments with many of our apparel and accessory vendors. ~~Additionally, we continue to introduce new offerings such as Freestyle, as well as new business initiatives and inventory models.~~ The roll- out of ~~these~~ new offerings and initiatives require investments of time and resources and may require changes in our website, mobile apps, information technology systems or processes, which involves inherent risk. These initiatives and changes also may not be rolled out as timely or effectively as we expect or may not produce the results we intend. If new offerings and initiatives are delayed, it could affect our inventory levels. If we are unable to manage the growth of our organization effectively, or if growth initiatives are not introduced timely, do not produce the anticipated results, or cause unanticipated issues, our business, financial condition, and operating results may be adversely affected **leadership changes,and we expect to continue to experience increased employee turnover in the future.We announced a restructuring plan on June 9,2022 that reduced our workforce by 15 % of salaried positions and represents 4 % of our roles in total.This reduction in workforce may cause** additional attrition ~~and affect employee morale.Additionally,as we are operating our business with fewer employees,we face additional risk that we might not be able to execute on our strategic plans and product roadmap,which may have an adverse effect on our business,financial condition,and operating results~~ .We also face significant competition for personnel,particularly in our technology and product organizations.To attract top talent,we have had to offer,and believe we will need to continue to offer,competitive compensation and benefits packages before we can validate the productivity of those employees.We also have in the past had difficulty hiring employees in fulfillment centers due to increased competition for distribution workers and rising wages and have increased our employee compensation levels in response to competition,as necessary.We cannot be sure that we will be able to attract,retain,and motivate a sufficient number of qualified personnel in the future,or that the compensation costs of doing so will not adversely affect our . Our initial merchandise offering was Women’ s apparel, but since our inception we expanded our merchandise offerings to include Petite, Maternity, Men’ s, Plus, Premium Brands, and Kids and launched our service in the UK market. In June 2019, we introduced our direct- buy functionality (now called “ Freestyle ”) with Buy It Again allowing clients in the United States to buy previously purchased items in new colors, prints, and sizes. We expanded direct buy with Complete Your Looks, which allows clients to discover and shop personalized outfits with new items that complement their prior purchases, Trending For You, which allows clients to shop personalized looks based on their style profiles, and Categories, a new way for clients to easily discover pieces within a range of categories based on occasion, brand, or item type. And, in August 2021, we opened up Freestyle to new- to- Stitch Fix clients who had never received a Fix from us previously. We continue to explore additional offerings to serve our existing clients, attract new clients, and expand our geographic scope. New offerings may not have the same success, or gain traction as quickly, as our current offerings. If our new offerings are not accepted by our clients or do not attract new clients, ~~or if we are not able to attract clients in new markets,~~ our sales may fall short of expectations, our brand and reputation could be adversely affected, and we may incur expenses that are not offset by sales. Developing new offerings requires significant investments of resources and time, and if a new offering is not successful, our business may not grow as anticipated. If the launch of a new category or offering ~~or in a new geography~~ requires investments greater than we expect, is delayed or is not executed well, our operating results could be negatively impacted. For example, in launching Freestyle to new customers during our fiscal 2022, we implemented client on- boarding changes in an effort to drive new clients to Freestyle. These changes resulted in lower conversion of new clients to our Fix offering, which impacted our operating results. Also, our business may be adversely affected if we are unable to attract brands and other merchandise vendors that produce sufficient high- quality, appropriately priced, and on- trend merchandise. ~~For example, vendors in the UK may not be familiar with our company or brand, which may make it difficult for us to obtain the merchandise we seek or be able to purchase products at an appropriate price.~~ Our current merchandise offerings have a range of margin profiles and we believe new offerings will also have a broad range of margin profiles that will affect our operating results. **If** ~~New businesses generally contribute lower margins and imported merchandise may be subject to tariffs or duties that lower margins. Additionally, as~~ we enter into new categories ~~and markets~~ , we may not have as high purchasing power as we do in our current offerings, which could increase our costs of goods sold and further reduce our margins. Expansion of our merchandise offerings ~~and geographic scope~~ may also strain our management and operational resources, specifically the need to hire and manage additional merchandise buyers to source new merchandise and to allocate new categories across our distribution network. We may also face greater competition in specific categories ~~or regions~~ from companies that are more focused on these areas. For instance, our entry into the Kids category means we now compete with a number of additional companies that have been in the Kids category for a longer period of time and may have more experience in children’ s clothing. If any of the above were to occur, it could damage our reputation, limit our growth, and have an adverse effect on our operating results. We have a short operating history in a rapidly evolving industry that may not develop in a manner favorable to our business. Our relatively short operating history makes it difficult to assess our future performance. You should consider our business and prospects in light of the risks and difficulties we may encounter. Our future success will depend in large part upon our ability to, among other things: • cost- effectively acquire new clients and engage with and retain existing clients; • **manage our inventory effectively** ~~overcome the impacts of the ongoing COVID- 19 pandemic~~ ; • adequately and effectively staff our fulfillment centers ~~; • manage our inventory effectively~~ ; • anticipate and respond to macroeconomic changes; • increase our market share; • increase consumer awareness of our brand and maintain our reputation; • successfully expand our offering ~~and geographic reach~~ ; • anticipate and respond to changing style trends and consumer preferences; • compete effectively; • avoid interruptions in our business from information technology downtime, cybersecurity breaches, or labor stoppages; • effectively manage our growth; • continue to enhance our personalization capabilities; • hire, integrate, and retain talented people at all levels of our organization; • maintain **and improve** the quality of our technology infrastructure; • develop new features to enhance the client experience; and • retain our existing merchandise vendors and attract new vendors. If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this " Risk Factors " section, our business and our operating results will be adversely affected. ~~In May 2019, we launched our service in the UK market, and we may choose to expand to other international markets in the future. Prior to launching in the UK, we had no experience operating internationally or selling our merchandise outside of the United States, and if we continue to expand internationally, we need to adapt to different local cultures, standards, laws, and policies. The business model we employ may not appeal as strongly to consumers in international markets. Furthermore, to succeed with clients in international locations, such as the UK, we will need to locate fulfillment centers in foreign markets and hire local employees, and we will have to invest in these facilities and employees before proving we can successfully run foreign operations. We may not be successful in expanding into additional international markets or in generating revenue from foreign operations for a variety of reasons, including: • the need to localize our merchandise offerings, including translation into foreign languages and adaptation for local practices; • different consumer demand dynamics, which may make our model and the merchandise we offer less successful compared to the United States; • competition from local incumbents that understand the local market and may operate more effectively; • regulatory requirements, taxes, trade laws, trade sanctions and economic embargoes, tariffs, export quotas, custom duties, or other trade restrictions; • differing laws and regulations, including with respect to anti- bribery and anti- corruption compliance; • differing labor regulations where labor laws may be more advantageous to employees as compared to the United States and result in increased labor costs; • more stringent or differing regulations relating to privacy and data security and access to, or use of, commercial and personal information, particularly in Europe; • differing payment requirements and customer behavior relating to payments and fraud; • changes in a specific country' s or region' s political, economic, and public health conditions, or any geopolitical instability or threats or acts of war, such as the ongoing conflict between Ukraine and Russia; and • risks resulting from changes in currency exchange rates. For example, clients in the UK are accustomed to more return shipping options than are typically offered in the United States, which required us to increase the number of shipping vendors we use in that market, increasing our costs. If we continue to invest substantial time and resources to establish and expand our operations internationally and are unable to do so successfully and in a timely manner, our operating results would suffer.~~ We believe that maintaining the Stitch Fix brand and reputation is critical to driving client engagement and attracting clients and merchandise vendors. Building our brand will depend largely on our ability to continue to provide our clients with an engaging and personalized client experience, including valued personal styling services, high- quality merchandise, and appropriate price points, which we may not do successfully. Client complaints or negative publicity about our styling services, merchandise, delivery times, or client support, especially on social media platforms, could harm our reputation and diminish client use of our services, the trust that our clients place in Stitch Fix, and vendor confidence in us. Our brand depends in part on effective client support, which requires significant personnel expense. Failure to manage or train our client support representatives properly or inability to handle client complaints effectively could negatively affect our brand, reputation, and operating results. If we fail to cost- effectively promote and maintain the Stitch Fix brand, our business, financial condition, and operating results may be adversely affected. **If we fail** ~~Our success, including our ability~~ to ~~anticipate and~~ effectively ~~respond to changing style trends and deliver a personalized styling experience, depends in part on our ability to attract and retain key personnel on our executive team and in our merchandising, algorithms, engineering, marketing, styling, and other organizations. We do not currently maintain key- person life insurance policies on any member of our senior management~~ ---- **manage** ~~team or~~ **our stylists,** ~~other key employees. We do not have long- term employment or non-competition agreements with any of our personnel. We have had senior employees leave Stitch Fix and cannot necessarily anticipate when this will happen and whether we will be able to promptly replace exiting employees. The loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on~~ our business ~~. Additionally~~ , **financial** ~~we have experienced increased employee turnover as a result of the general market conditions~~ - **condition** ~~and a competitive talent market within the U. S.~~ , ~~as well as Company- specific factors, such as share price decline, business performance,~~ and leadership changes, and we expect to...... doing so will not adversely affect our operating results **could** ~~. Additionally, we may not~~ be ~~able to hire and train new employees quickly enough to meet our needs. If we fail to retain employees and effectively manage our hiring needs, our efficiency, ability to meet forecasts, employee morale, productivity, and the success of our strategic plans and product roadmap could suffer, which may have an adverse~~ **adversely** ~~effect on our business, financial condition, and operating results. Elizabeth Spaulding was named to the role of Chief Executive Officer on August 1, 2021, and Katrina Lake, our Founder, transitioned to the role of Executive Chairperson of the Board of Directors on August 1, 2021, and remains an employee of ours. If Ms. Spaulding' s succession to Chief Executive Officer is not managed successfully, including her ability to grow and lead a team that can navigate Stitch Fix' s evolution and growth, it could disrupt our business, affect~~ **affected** ~~our Company culture, cause retention concerns with respect to our colleagues, and affect our financial condition and operating results~~ . As of July ~~30~~ **29** , ~~2022~~ **2023** , approximately ~~3~~ **2** , ~~430~~ **620** of our employees were stylists, most of whom work on a part- time basis for us and are paid hourly. The stylists track and report the time they spend working for us. These employees are classified as nonexempt under federal and state law. If we fail to effectively manage our stylists, including by ensuring accurate tracking and reporting of their hours worked and proper processing of their hourly wages, then we may face claims alleging violations of wage and hour employment laws, including, without limitation, claims of back wages, unpaid overtime pay, and missed meal and rest periods. Any such employee litigation could be attempted on a class or representative basis. For example, in August 2020, a representative action under California' s Private Attorneys General Act was filed against us alleging various violations of California' s wage and hour laws relating to our current and former non-exempt stylist employees. While we were able to settle this matter, future litigation concerning our styling employees could be expensive and time- consuming regardless of whether the claims against us are valid or whether we are ultimately determined to be liable, and could divert management' s attention from our business. We could also be adversely affected by negative publicity, litigation costs resulting from the defense of these claims, and the diversion of time and resources from our operations. We offer merchandise from hundreds of established and emerging brands. In order to continue to attract and retain quality merchandise brands, we must help merchandise vendors increase their sales and offer them a high- quality, cost-effective fulfillment process. If we do not continue to acquire new merchandise vendors or retain our existing merchandise vendors on acceptable commercial terms, we may not be able to maintain a broad selection of products for our clients, and our operating results may suffer. In addition, our ~~Exclusive~~ **Owned Private Label** Brands are sourced from third- party vendors and contract manufacturers. The loss of one of our ~~Exclusive~~ **Owned Private Label** Brand vendors for any reason, or our inability to source any additional vendors needed for our ~~Exclusive~~ **Owned Private Label** Brands, could require us to source ~~Exclusive~~ **Owned Private Label** ~~Brand~~ **Brands** merchandise from another vendor or manufacturer, which could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results. We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a client did not authorize a purchase, merchant fraud, and clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Our clients may re- use their login information (i. e., username and password combination) across multiple websites and, therefore, when a third- party website experiences a data breach, that information could be exposed to bad actors and be used to fraudulently access our clients' accounts. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are typically liable for fraudulent credit card transactions. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action, and lead to expenses that could substantially impact our operating results. We accept payments online via credit and debit cards and online payment systems such as PayPal, which subjects us to certain regulations and fraud. We may in the future offer new payment options to clients that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition, and operating results could be adversely affected. Our business and operating results are subject to national and global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth ~~,~~ **and** declines in asset values **;** ~~, and related market and~~ macroeconomic uncertainty **; recessionary concerns** ; home foreclosures and reductions in home values; fluctuating interest rates, increased inflationary pressures and credit availability; rising fuel and other energy costs; rising commodity prices; and general uncertainty regarding the overall future political and economic environment. We have experienced many of these factors, including current inflationary pressures **,** and have ~~seen~~ **experienced** negative impacts on client demand **and discretionary spending** as a result. **Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence.** Furthermore, ~~any increases in consumer discretionary spending during times of crisis may be temporary, such as those related to government stimulus programs. Economic~~ **economic** conditions in certain regions may also be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; public health crises; and other major unforeseen events ~~. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence~~ . Adverse economic changes could reduce consumer confidence, and could thereby negatively affect our operating results. In challenging and uncertain economic environments, we cannot predict ~~when macroeconomic uncertainty may arise,~~ whether or when such circumstances may improve or worsen **,** or what impact such circumstances could have on our business **. Additionally, the ongoing volatile and uncertain macroeconomic environment that we have been experiencing since the onset of the COVID- 19 pandemic has likely reduced, and may continue to reduce, our ability to forecast our future operating results** . The retail apparel industry is highly competitive. We compete with eCommerce companies that market the same or similar merchandise and services that we offer; local, national, and global department stores; specialty retailers; discount chains; independent retail stores; and the online offerings of these traditional retail competitors. Additionally, we experience competition for consumer discretionary spending from other product and experiential categories. We believe our ability to compete depends on many factors within and beyond our control, including: • effectively differentiating our service and value proposition from those of our competitors; • attracting new clients and engaging with and retaining existing clients; • our direct relationships with our clients and their willingness to share personal information with us; • further developing our data science capabilities; • maintaining favorable brand recognition and effectively marketing our services to clients; • delivering merchandise that each client perceives as personalized to **them** ~~him or her~~ ; • the amount, diversity, and quality of brands and merchandise that we or our competitors offer; • our ability to expand and maintain appealing ~~Exclusive~~ **Owned Private Label** Brands and exclusive- to- Stitch Fix merchandise; • the price at which we are able to offer our merchandise; • the speed and cost at which we can deliver merchandise to our clients and the ease with which they can use our services to return merchandise; and • anticipating and quickly responding to changing apparel trends and consumer shopping preferences. Many of our current competitors have, and potential competitors may have, longer operating histories; larger fulfillment infrastructures; greater technical capabilities; faster shipping times; lower- cost shipping; larger databases; more purchasing power; higher profiles; greater financial, marketing, institutional, and other resources; and larger customer bases than we do. Mergers and acquisitions by these companies may lead to even larger competitors with more resources. These factors may allow our competitors to derive greater revenue and profits from their existing customer bases; acquire customers at lower costs; or respond more quickly than we can to new or emerging technologies, changes in apparel trends and consumer shopping behavior, and changes in supply conditions. These competitors may engage in more extensive research and development efforts, enter or expand their presence in the personalized retail market, undertake more far- reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their existing customer bases more effectively than we do. If we fail to execute on any of the above better than our competitors, our operating results may be adversely affected. Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, fires, **snow or ice storms,** and other adverse weather events and climate conditions, which ~~may~~ **we expect to** become more frequent and more severe with the increasing effects of climate change; unforeseen public health crises, such as the ~~ongoing~~ COVID- 19 pandemic or other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability, including the ongoing conflict between Ukraine and Russia; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations ~~in~~ or cause us to close one or more of our offices and fulfillment centers or could disrupt, delay, or otherwise negatively impact the operations of one or more of our third- party providers or vendors. For instance, the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of fulfillment centers. Furthermore, these types of events could impact our merchandise supply chain, including our ability to ship merchandise to or receive returned merchandise from clients in the impacted region, and could impact our ability or the ability of third parties to operate our sites and ship merchandise. In addition, these types of events could negatively impact consumer spending in the impacted regions. In fact, the COVID- 19 pandemic ~~has:~~ disrupted our operations in and ~~previously~~ caused us to temporarily close our offices and require that most of our employees work from home; disrupted our operations in and caused us to close ~~three of our~~ fulfillment centers; required us to implement various operational changes to ensure the health and safety of our employees; had a range of negative effects on the operations of our third- party providers and vendors, including our merchandise supply chain and shipping partners; and negatively impacted consumer spending and the economy generally **due to measures taken to contain the spread of COVID- 19, such as government- mandated business closures, office closures, state and local orders to " shelter in place, " and travel and transportation restrictions, and otherwise** . ~~Because~~ **We experienced reduced capacity in the third quarter of fiscal year 2020 as we temporarily closed three of our fulfillment centers as we responded to the pandemic. We allowed employees to opt- in to work, provided** ~~the~~ **them with four weeks of flexible paid time off, and implemented additional safety protocols. These efforts resulted in significantly less capacity in our fulfillment centers during the third quarter of fiscal year 2020, which resulted in delayed Fix shipments, a significant Fix backlog, delayed inventory and return processing, extended wait times for clients, and inventory management challenges. The** COVID- 19 pandemic ~~traditional brick-~~ and ~~- mortar apparel retailers following~~ **resulting economic disruption also led to significant volatility in** the ~~pandemic~~ **capital markets** .We re-opened our headquarters to employees in the third quarter of 2022,but most employees to continue to work in a remote capacity or a hybrid of in- person and remote work.Remote working environments present additional risks,uncertainties and costs that could affect our performance,including increased operational risk,uncertainty regarding office space needs,heightened vulnerability to cyber attacks due to increased remote work,potential reduced productivity,changes to our Company culture,potential strains to our business continuity plans,and increased costs to ensure our offices are safe and functional ~~as hybrid has~~ **as hybrid offices that enable effective collaboration of both remote and in- person colleagues. The COVID- 19 pandemic** caused many **risks** ~~of these factors to materialize,~~ as described above and throughout these risk factors ~~, it has~~ **to materialize and** adversely affected our business and operating results. ~~The ongoing~~ **Any future resurgences of** COVID- 19 ~~pandemic (including future resurgences of COVID- 19 or new variants in the United States or internationally)~~ or the occurrence of another natural disaster, pandemic, or crisis could **disrupt** ~~recreate and / or~~ **our** ~~exacerbate these effects~~ **operations or negatively impact consumer spending, adversely affecting our business and results of operations. System interruptions that impair client access to our website or other performance failures or supply chain issues in our technology infrastructure could damage our business** . The satisfactory performance, reliability, and availability of our website, mobile application, internal applications, and technology infrastructure **(and those of our third- party vendors and service providers)** are critical to our business. We rely on our website and mobile application to engage with our clients and sell them merchandise. We also rely on a host of internal custom- built applications to run critical business functions, such as styling, merchandise purchasing, warehouse operations, and order fulfillment. In addition, we rely on a variety of third- party, cloud- based solution vendors for key elements of our technology infrastructure. These systems are vulnerable to damage or interruption and we have experienced interruptions in the past. For example, in February 2017, as a result of an outage with Amazon Web Services, where much of our technology infrastructure is hosted, we experienced disruptions in applications that support our warehouse operations and order fulfillment that caused a temporary slowdown in the number of Fix shipments we were able to make. Additionally, the launch of a new category or new product offering requires investments in and the development of new technology, which may be more susceptible to performance issues or interruptions. Interruptions may also be caused by a variety of incidents, including human error, our failure to update or improve our proprietary systems, cyber attacks, fire, flood, earthquake, power loss, or telecommunications failures. These risks are exacerbated by our move to a more remote workforce. Any failure or interruption of our website, mobile application, internal business applications, or our technology infrastructure **(including any such issues with our third- party vendors and service providers)** could harm our ability to serve our clients, which would adversely affect our business and operating results. In the ordinary course of our business, we and our vendors **and service providers** collect, process, and store certain personal information and other data relating to individuals, such as our clients and employees, which may include client payment card information. We rely substantially on commercially available systems, software, tools, and monitoring to provide security for our processing, transmission, and storage of personal information and other confidential information. There can be no assurance, however, that we or our vendors will not suffer a data compromise, that hackers or other unauthorized parties will not gain access to personal information or other **sensitive** data, including payment card data or confidential business information, or that any such data compromise or unauthorized access will be discovered in a timely fashion. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, and we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. As we have moved to a more remote and hybrid work force, and as our vendors and other business partners have also moved to permanent or hybrid remote work as well, we and our partners may be more vulnerable to cyber attacks. In addition, our employees, contractors, vendors, or other third parties with whom we do business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information, or other data, or may inadvertently release or compromise such data. Compromise of our data security or **the data security** of third parties with whom we do business, failure to prevent or mitigate the loss of personal or business information, and delays in detecting or providing prompt notice of any such compromise or loss could disrupt our operations, damage our reputation, and subject us to litigation, government action, or other additional costs and liabilities that could adversely affect our business, financial condition, and operating results. We use open source software in the applications we have developed to operate our business and will use open source software in the future. We may face claims from third parties demanding the release or license of the open source software or derivative works that we developed from such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated solutions unless and until we can re- engineer them to avoid infringement. In addition, our use of open source software may present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business and operating results. Currently, we are involved in various legal proceedings, including the securities litigation and other matters described elsewhere herein. We have in the past and may in the future become involved in other private actions, collective actions, investigations, and various other legal proceedings by clients, employees, suppliers, competitors, government agencies, stockholders, or others. The results of any such litigation, investigations, and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time, and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, financial condition, and operating results. The merchandise we sell to our clients is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission, and similar state and international regulatory authorities. As a result, such merchandise could in the future be subject to recalls and other remedial actions. Product safety, labeling, and licensing concerns may result in us voluntarily removing selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased client service costs and legal expenses, which could have a material adverse effect on our operating results. Some of the merchandise we sell, including ~~the~~ **our** children' s merchandise ~~sold through Stitch Fix Kids~~, may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, some of our agreements with our vendors may not indemnify us from product liability for a particular vendor' s merchandise or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations. We purchase our merchandise from numerous domestic and international vendors. Our standard vendor terms and conditions require vendors to comply with applicable laws. We have hired independent firms that conduct audits of the working conditions at the factories producing our ~~Exclusive~~ **Owned Private Label** ~~Brand~~ **Brands** products. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor. The loss of an ~~Exclusive~~ **Owned Private Label** ~~Brand~~ **Brands** vendor due to failure to comply with our standards could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results. In addition, failure of our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. Furthermore, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with clients or result in legal claims against us. China' s Xinjiang Uyghur Autonomous Region (the " XUAR ") is the source of large amounts of cotton and textiles for the global apparel supply chain. The United States Treasury Department placed sanctions on China' s Xinjiang Production and Construction Corporation (" XPCC ") for serious human rights abuses against ethnic minorities in XUAR. Additionally, the ~~US~~ **U. S.** ' s Uyghur Forced Labor Prevention Act (" UFLPA "), empowers the ~~US~~ **U. S.** Customs and Border Protection Agency (the " ~~US~~ **U. S.** CBP ") to withhold release of items produced in whole or in part in the XUAR, or produced by companies included on a government- created UFLPA entity list, creating a presumption that such goods were produced using forced labor. XPCC controls many of the cotton farms and much of the textile industry in the region, and many large factories in XUAR ~~product~~ **produce** fabrics and yarn for apparel. Although we do not intentionally source any products or materials from the XUAR (either directly or indirectly through our suppliers), we have no known involvement with XPCC or its subsidiaries and affiliates, and we prohibit our apparel vendors from doing business with XPCC or using forced labor, we do not have the ability to completely map our product supply chain, and we could be subject to penalties, fines or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly, with XPCC or entities it controls. Additionally, our products or materials (including potentially non- cotton materials) could be held or delayed by the ~~US~~ **U. S.** CBP, which would cause delays and unexpectedly affect our inventory levels. Even if we were not subject to penalties, fines or sanctions, if products we source are linked in any way to XPCC, the XUAR, or an entity on the UFLPA entity list, our reputation could be damaged **. Our use of personal information, other personal data, and sensitive information subjects us to privacy laws and other obligations (such as cybersecurity and data protection in contracts), and our compliance with or failure to comply with such obligations could harm our business** . We collect and maintain significant amounts of personal information and other data relating to our clients and employees. Numerous laws, rules, and regulations in the United States and internationally, including the European Union' s (" EU ") General Data Protection Regulation (the " GDPR "), California' s Consumer Privacy Act (the " CCPA ") and the UK' s Data Protection Act (the " UK GDPR "), govern privacy and the collection, use, and protection of personal information. These laws, rules, and regulations evolve frequently and may be inconsistent from one jurisdiction to another or may be interpreted to conflict with our practices. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules, and regulations, or with other obligations to which we may be or become subject, may result in actions against us by governmental entities, private claims and litigation, fines, penalties, or other liabilities. Any such action would be expensive to defend, damage our reputation, and adversely affect our business and operating results. For example, the GDPR imposes more stringent data protection requirements and provides greater penalties for noncompliance than previous data protection laws. Further, the UK withdrew from the EU on January 31, 2020, subject to a transition period that ended on December 31, 2020 (" Brexit "). The UK GDPR, which regulates data protection in the UK since Brexit, has remained consistent with the EU GDPR in effect since 2018, but it may evolve and it is uncertain whether our operations in, and data transfers to and from, the UK can comply with any future changes in the law. **Although** ~~Similarly, the~~ **there are currently various mechanisms that may be used to transfer personal data from the UK to the United** ~~State~~ **States in compliance with law** ~~of California legislature passed the CCPA~~ , **such as the UK' s standard contractual clauses, the UK' s International Data Transfer Agreement / Addendum, and the UK Extension to the EU- U. S. Data Privacy Framework (** which ~~became effective~~ **allows for transfers for relevant U. S.- based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely** on ~~January 1, 2020~~ **these measures to lawfully transfer personal data to the United States** . ~~The CCPA requires~~ **If there is no lawful manner for** us to **transfer personal** ~~make new disclosures to consumers about our~~ data ~~collection~~ **from the UK (or other applicable jurisdictions) to the United States** , ~~use, and sharing practices. The CCPA also allows consumers~~ **or if the requirements for a legally- compliant transfer are** ~~to~~ **too** ~~opt out~~ **onerous, we could face significant adverse consequences, including the interruption or degradation** of ~~certain~~ **our operations, the need to relocate part of or all of our business or** data ~~sharing~~ **processing activities to other jurisdictions (such as Europe) at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work** with **partners, vendors and other** third parties, and ~~provides a new~~ **injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently** ~~cause~~ - **cease certain transfers out** of ~~action~~ **Europe** for **allegedly violating the GDPR' s cross- border** data **transfer limitations** ~~breaches with the possibility of significant statutory damage awards~~ . ~~The~~ **Furthermore, the** CCPA ~~prohibits discrimination against individuals who exercise their privacy rights~~ , **as amended by** ~~provides for civil penalties for violations, and creates a private right of action for data breaches that is expected to increase data breach litigation. The CCPA itself will expand substantially when~~ the California Privacy Rights Act of 2020 (~~the~~ " CPRA ") **(collectively** , **"** ~~which takes effect on January 1, 2023. The CPRA~~ - **CCPA** ~~will~~ **")** , **applies to** ~~among other things, restrict use of certain categories of sensitive~~ personal information ~~that we handle; further restrict~~ **of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to $ 7, 500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the CPRA expanded the CCPA' s requirements, including by adding a new right for individuals to correct** ~~the~~ **their** ~~sharing of~~ personal information ~~;~~ **and** ~~establish~~ **establishing a new regulatory** ~~restrictions on the retention of personal information; expand the types of data breaches subject to the private right of action; and establish the California Privacy Protection Agency~~ **agency** to implement and enforce the ~~new~~ law **. A number of other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states** , as well as **at** ~~impose administrative fines. Since~~ the **federal** ~~enactment of the CCPA, new privacy~~ and **local levels** ~~data security laws have been proposed in more than half of the U~~ . **These developments further complicate compliance efforts** ~~S. states and in the U. S. Congress~~ , ~~reflecting a trend toward more stringent privacy legislation in~~ **and increase legal risk and compliance costs for us and** the ~~U. S~~ **third parties upon whom we rely** . Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data **. Further, the SEC has adopted new rules that require us to provide greater disclosures around proactive security protections that we employ and reactive issues (e. g., security incidents). Any such disclosures, including those under state data breach notification laws, can be costly, and the disclosures we make to comply with, or the failure to comply with, such requirements could lead to adverse consequences** . The costs of compliance with and other burdens imposed by privacy and data security laws and regulations may reduce the efficiency of our marketing, lead to negative publicity, make it more difficult or more costly to meet expectations of or commitments to clients, or lead to significant fines, penalties or liabilities for noncompliance, any of which could harm our business. These laws could also impact our ability to offer our products in certain locations. The costs, burdens, and potential liabilities imposed by existing privacy laws could be compounded if other jurisdictions in the U. S. ~~or abroad~~ begin to adopt similar or more restrictive laws. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit clients' use of our service or harm our brand and reputation. **Furthermore, our contracts may not contain limitations of liability, and**

even where they do, there can be no assurance that limitations of liability in such contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. Also, although we maintain insurance, the costs related to significant security breaches or disruptions could be material and could cause us to incur significant expenses beyond any of our insurance coverage. Any of these matters could materially adversely affect our business, financial condition, or operating results. We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and eCommerce. These regulations and laws may involve taxes, privacy and data security, consumer protection, the ability to collect ~~and /~~ or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts, or gift cards. Furthermore, the regulatory landscape impacting internet and eCommerce businesses is constantly evolving. For example, California' s Automatic Renewal Law requires companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with consumers. As a result, a wave of consumer class action lawsuits was brought against companies that offer online products and services on a subscription or recurring basis. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, lost business, and proceedings or actions against us by governmental entities or others, which could impact our operating results. Cookies are small data files that are sent by websites and stored locally on an internet user' s computer or mobile device. We, and third parties who work on our behalf, collect data via cookies that is used to track the behavior of visitors to our sites, to provide a more personal and interactive experience, and to increase the effectiveness of our marketing. However, internet users can easily disable, delete, and block cookies directly through browser settings or through other software, browser extensions, or hardware platforms that physically block cookies from being created and stored. Privacy regulations restrict how we deploy our cookies and this could potentially **(a)** increase the number of internet users that choose to proactively disable cookies on their systems ~~. In the EU~~ **or (b) cause or business partners** , **service providers, or vendors** ~~the Directive on Privacy and Electronic Communications requires users~~ to ~~give~~ **no longer maintain** their ~~consent before~~ cookie **processes** ~~data can be stored on their local computer or mobile device. Users can decide to opt out of nearly all cookie data creation, which could negatively impact our operating results~~ . We may have to develop alternative systems to determine our clients' behavior, customize their online experience, or efficiently market to them if clients block cookies or regulations introduce additional barriers to collecting cookie data. We rely on trademark, copyright, trade secrets, patents, confidentiality agreements, and other practices to protect our brands, proprietary information, technologies, and processes. Our principal trademark assets include the registered trademarks " Stitch Fix " and " Fix, " multiple private label clothing and accessory brand names, and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers' perception of our services and merchandise. We also hold the rights to the " stitchfix. com " internet domain name and various other related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names in the United States, the UK, or in other jurisdictions in which we may ultimately operate, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our operating results would be adversely impacted. The patents we own in the United States and those that may be issued in the United States, in the UK, in Europe **,** and in the People' s Republic of China in the future may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property or survive a legal challenge, as the legal standards relating to the validity, enforceability, and scope of protection of patent and other intellectual property rights are uncertain. Our limited patent protection may restrict our ability to protect our technologies and processes from competition. We primarily rely on trade secret laws to protect our technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. We are also at risk of claims by others that we have infringed their copyrights, trademarks, or patents, or improperly used or disclosed their trade secrets. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure ~~you~~ that we will achieve a favorable outcome of any such claim. If any such claims are valid, we may be compelled to cease our use of such intellectual property and pay damages, which could adversely affect our business. Even if such claims are not valid, defending them could be expensive and distracting, adversely affecting our operating results. A predominant portion of the apparel we sell is originally manufactured in countries other than the United States. International trade disputes that result in tariffs and other protectionist measures could adversely affect our business, including disruption and cost increases in our established patterns for sourcing our merchandise and increased uncertainties in planning our sourcing strategies and forecasting our margins. For example, in recent years, the U. S. government imposed significant new tariffs on China related to the importation of certain product categories, including apparel, footwear, and other goods. A substantial portion of our products are manufactured in China. As a result of these tariffs, our cost of goods imported from China increased slightly. Although we continue to work with our vendors to mitigate our exposure to current or potential tariffs, there can be no assurance that we will be able to offset any increased costs. Other changes in U. S. tariffs, quotas, trade relationships, or tax provisions could also reduce the supply of goods available to us or increase our cost of goods. Although such changes would have implications across the entire industry, we may fail to effectively adapt to and manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall risk from potential changes in U. S. laws and policies, as we make business decisions in the face of such uncertainty, we may incorrectly anticipate the outcomes, miss out on business opportunities, or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could adversely affect our revenues, reduce our profitability, and negatively impact our business. In general, we have not historically collected state or local sales, use, or other similar taxes in any jurisdictions in which we do not have a tax nexus, in reliance on court decisions and / or applicable exemptions that restrict or preclude the imposition of obligations to collect such taxes with respect to the online sales of our products. In addition, we have not historically collected state or local sales, use, or other similar taxes in certain jurisdictions in which we do have a physical presence, in reliance on applicable exemptions. On June 21, 2018, the U. S. Supreme Court decided, in South Dakota v. Wayfair, Inc., that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. **All** ~~As of June 30, 2021, all~~ states have **now** enacted legislation to ~~begin, requiring~~ **require** sales and use tax collection by remote vendors and ~~/ or~~ by online marketplaces. The details and effective dates of these collection requirements vary from state to state. While we now collect, remit, and report sales tax in all states that impose a sales tax, it is still possible that one or more jurisdictions may assert that we have liability from previous periods for which we did not collect sales, use, or other similar taxes, and if such an assertion or assertions were successful it could result in substantial tax liabilities, including for past sales taxes and penalties and interest, which could materially adversely affect our business, financial condition, and operating results. New income or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws and regulations could be interpreted, modified, or applied adversely to us. For example, the Tax Cuts and Jobs Act (the " Tax Act ") and CARES Act enacted many significant changes to the U. S. tax laws. Future guidance from the IRS and other tax authorities with respect to the Tax Act and CARES Act may affect us, and certain aspects of the Tax Act and CARES Act could be repealed or modified in future legislation. Further regulatory or legislative developments may also arise. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or our customers, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows. We are subject to income- and non- income- based taxes in the United States under federal, state, and local jurisdictions and in the UK. The governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation. Various tax authorities may disagree with tax positions we take and if any such tax authorities were to successfully challenge one or more of our tax positions, the results could have a material effect on our operating results. Further, the ultimate amount of tax payable in a given financial statement period may be materially impacted by sudden or unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. The determination of our overall provision for income and other taxes is inherently uncertain as it requires significant judgment around complex transactions and calculations. As a result, fluctuations in our ultimate tax obligations may differ materially from amounts recorded in our financial statements and could adversely affect our business, financial condition, and operating results in the periods for which such determination is made. As of July ~~30~~ **29** , ~~2022~~ **2023** , we had federal and state net operating loss carryforwards of $ ~~165~~ **152** . ~~3~~ **7** million and $ ~~256~~ **274** . ~~0~~ **7** million, respectively. The federal net operating loss carryforwards may be carried forward indefinitely; state net operating loss carryforwards will expire, if not utilized, beginning in 2025. The ability to use our net operating loss carryforwards depends on the availability of future taxable income. In addition, as of July ~~30~~ **29** , ~~2022~~ **2023** , we had federal and California research and development tax credit carryforwards of $ ~~38~~ **49** . ~~7~~ **5** million and $ ~~21~~ **23** . ~~4~~ **9** million, respectively. The federal research and development credits will begin to expire in 2036, if not utilized; California research and development credits do not have an expiration date. A portion of our tax attributes are subject to Sections 382 and 383 of the Internal Revenue Code and similar state provisions, which sets limitations arising from ownership changes. Any potential limitations on our ability to offset future income with our tax attributes could result in increased future tax liability to us. The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including: • actual or anticipated ~~fluctuations~~ **decreases** in our client base, the level of client engagement ~~and~~ **,** client acquisition **and retention** , **and** revenue **and** ~~, or~~ other operating results; • variations between our actual operating results and the expectations of securities analysts, investors, and the financial community; • any forward- looking financial or operating information we may provide to the public or securities analysts, any changes in this information, or our failure to meet expectations based on this information; • actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our ~~company~~ **Company** , or our failure to meet these estimates or the expectations of investors; • repurchases of our Class A common stock pursuant to our share repurchase program, which could also cause our stock price to be higher that it would be in the absence of such a program and could potentially reduce the market liquidity for our stock; • whether investors or securities analysts view our stock structure unfavorably, particularly our dual- class structure and the significant voting control of our directors, executive officers, and their affiliates; • additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales; • announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments; • changes in operating performance and stock market valuations of companies in our industry, including our vendors and competitors; • price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole; • targeted efforts of social media or other groups to transact in and affect the price of Stitch Fix stock, such as the activity in early 2021 targeting GameStop Corp and others; • lawsuits threatened or filed against us; • developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and • other events or factors, including those resulting from war or incidents of terrorism, public health crises such as the COVID- 19 pandemic, or responses to these events. In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many eCommerce and other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, beginning in October 2018, we and certain of our directors and officers were sued in putative class action and derivative lawsuits alleging violations of the federal securities laws for allegedly making materially false and misleading statements. And on August 26, 2022, a class action lawsuit alleging violations of federal securities laws was filed by certain of our stockholders naming as defendants us, certain of our officers and directors ~~and certain of our affiliated stockholders~~ for allegedly making materially false and misleading statements regarding our Freestyle offering. We may be the target of additional litigation of this type in the future as well. Such securities litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business. Moreover, because of these fluctuations, comparing our operating results on a period- to- period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide. In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to $ 150. 0 million of our outstanding Class A common stock, with no expiration date. **During fiscal 2023, we did not repurchase any shares of our common stock and we had $ 120. 0 million remaining in share repurchase capacity as of July 29, 2023.** Although our Board of Directors has authorized this repurchase program, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions and other general business considerations. In addition, the terms of our amended and restated credit agreement with Silicon Valley Bank **, a division of First- Citizens Bank & Trust Company (successor by purchase to the Federal Deposit Insurance Corporation as Receiver for Silicon Valley Bridge Bank, N. A. (as successor of Silicon Valley Bank)),** and other lenders impose limitations on our ability to repurchase shares. The share repurchase program may be modified, suspended, or terminated at any time, and we cannot guarantee that the program will be fully consummated or that it will enhance long- term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, this program could diminish our cash and cash equivalents and marketable securities. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, then the trading price of our Class A common stock could decline. In addition, shares underlying any outstanding options and restricted stock units will become eligible for sale if exercised or settled, as applicable, and to the extent permitted by the provisions of various vesting agreements and Rule 144 of the Securities Act. All the shares of Class A and Class B common stock subject to stock options and restricted stock units outstanding and reserved for issuance under our 2011 Equity Incentive Plan, as amended, our 2017 Incentive Plan, and our 2019 Inducement Plan (**collectively,** our " Incentive Plans ") have been registered on Form S- 8 under the Securities Act and such shares are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our Class A common stock could decline. Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As a result, the holders of our Class B common stock, including **certain of** our directors, executive officers, and their affiliates, are able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50 % of the outstanding shares of our capital stock. As of September ~~16~~ **15** , ~~2022~~ **2023** , ~~29~~ **28** , ~~182~~ **465** , ~~102~~ **818** of our ~~110~~ **117** , ~~807~~ **327** , ~~047~~ **220** shares outstanding were held by our directors, executive officers, and their affiliates, and 25, ~~397~~ **033** , ~~274~~ **910** of such shares held by our directors, executive officers, and their affiliates were shares of Class B common stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock. In addition, in July 2017, FTSE Russell and Standard & Poor' s announced that they would cease to allow most newly public companies utilizing dual or multi- class capital structures to be included in their indices. Affected indices include the S & P 500, S & P MidCap 400, and S & P SmallCap 600, which together make up the S & P Composite 1500. Under the announced policies, our dual class capital structure currently makes us ineligible for inclusion in Standard & Poor' s indices and, as a result, mutual funds, exchange- traded funds, and other investment vehicles that attempt to passively track the S & P indices will not be investing in our stock. It is unclear what effect, if any, these policies have had or may have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay any cash dividends on our Class A common stock in the foreseeable future. As a result, any investment return our Class A common stock will depend upon increases in the value for our Class A common stock, which is not certain. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay, or prevent a change of control of our ~~company~~ **Company** or changes in our management that the stockholders of our ~~company~~ **Company** may deem advantageous. These provisions include the following: • establish a classified Board of Directors so that not all members of our board of directors are elected at one time; • permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships; • provide that directors may only be removed for cause; • require super- majority voting to amend some provisions in our certificate of incorporation and bylaws; • authorize the issuance of " blank check " preferred stock that our ~~board~~ **Board** of ~~directors~~ **Directors** could use to implement a stockholder rights plan; • eliminate the ability of our stockholders to call special meetings of stockholders; • prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; • provide that the ~~board~~ **Board** of ~~directors~~ **Directors** is expressly authorized to make, alter, or repeal our bylaws; • restrict the forum for certain litigation against us to Delaware; • reflect the dual class structure of our common stock; and • establish advance notice requirements for nominations for election to our ~~board~~ **Board** of ~~directors~~ **Directors** or for proposing matters that can be acted upon by stockholders at annual stockholder meetings. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: • any derivative action or proceeding brought on our behalf; • any action asserting a breach of fiduciary duty; • any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and • any action asserting a claim against us that is governed by the internal- affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. These exclusive forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive- forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. We may issue additional equity securities in the future. We also issue awards for Class A common stock to our existing and new employees and others under our Incentive Plans. The number of shares subject to such awards is typically based on target dollar values, and therefore the number of shares increases as our stock price decreases. Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to existing holders of our Class A common stock. Also, to the extent outstanding options to purchase shares of our Class A common stock or Class B common stock are exercised or options or other stock- based awards are issued or become vested, there will be further dilution. The amount of dilution could be substantial depending upon the size of the issuances or exercises and our stock price. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock. As a result, holders of our Class A common stock bear the risk that future issuances of debt or equity securities may reduce the value of our Class A common stock and further dilute their ownership interest. We are required to comply with Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "). Specifically, the Sarbanes- Oxley Act requires management to assess the effectiveness of our internal controls over financial reporting and to report any material weaknesses in such internal control. We have experienced material weaknesses and significant deficiencies in our internal controls **previously** ~~, including for our fiscal year ended August 3, 2019~~ . Management has concluded that our internal control over financial reporting was effective as of July ~~30~~ **29** , ~~2022~~ **2023** . However, our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, it could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources. Even if we do not detect deficiencies, our internal control over financial reporting will not prevent or detect all errors and fraud, and individuals, including employees and contractors, could circumvent such controls. 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 will be detected. In addition, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. Should we encounter such difficulties, our investors could lose confidence in the reliability of our reported financial information and trading price of our **Class A** common stock. could be negatively impacted. We ~~intend~~ **require sufficient cash and liquidity** to **run** ~~continue making investments to support~~ our business ~~growth~~ **, finance our operations,** and **pay for capital expenditures. We may not be able to generate sufficient cash to fund our working capital and capital expenditures needs. We also** may require additional funds to support ~~this~~ growth ~~and~~ **or** respond to business challenges ~~, including the need to develop our services, expand our inventory, enhance our operating infrastructure, expand the markets in which we operate, and potentially acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock~~ . We are ~~also~~ party to an amended and restated credit agreement with Silicon Valley Bank **, a division of First- Citizens Bank & Trust Company (successor by purchase to the Federal Deposit Insurance Corporation as Receiver for Silicon Valley Bridge Bank, N. A.**

(as successor of Silicon Valley Bank)) and other lenders ~~that~~ **, but a deterioration in our capital structure or the quality of our earnings could result in noncompliance with our debt covenants, which would limit our ability to utilize our credit facility. The revolving line of credit under the Amended Credit Agreement will terminate on May 31, 2024, unless the termination date is extended at the election of the lenders. Our intention is to renew or replace this line of credit before the termination date, but we may not be able to do so with terms reasonable to the Company or at all. We also may want or need to engage in equity or debt financings to secure additional funds. The capital market environment, including market disruptions, limited liquidity, or interest rate fluctuations, may increase the cost of financing or restrict access to a potential source of liquidity. Additionally, if we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock. Our amended and restated credit agreement also** contains covenants limiting our ability to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions, and contains financial covenants requiring us to maintain minimum free cash flow and an adjusted current ratio above specified levels, measured in each case at the end of each fiscal quarter. The restrictive covenants of this or any future debt financing secured may make it more difficult for us to obtain ~~additional~~ capital and to pursue business opportunities. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital- raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to **generate sufficient capital or** obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business ~~growth~~ and to respond to business challenges could be significantly limited, and our business and prospects could fail or be adversely affected. The trading market for our Class A common stock is influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors, or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our Class A common stock to decline.