Risk Factors Comparison 2024-03-14 to 2023-03-20 Form: 10-K

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Our business, operations and financial condition are subject to various risks, and many of those risks are driven by factors that we cannot control or predict. The following discussion addresses those risks that management believes are the most significant. You should take these risks into account in evaluating or making any investment decision involving the Company. Additional risks and uncertainties not presently known or that we currently believe to be less significant may also adversely affect us. Risks Relating to Our Business and Operations Shortages of sourced goods or raw materials from suppliers, interruptions in our manufacturing, and local conditions in the countries in which we operate could adversely affect our results of operations. ~~Along with many manufacturers that source goods and raw materials from abroad, we experienced significant supply disruptions and delays due to a variety of reasons. These changes were partially driven by interruptions in global supply chains (including as a result of port congestion and trucking shortages) and partially by a shift in customer buying habits to e- commerce, which had the effect of increasing demand for shipping capacity from Asia, leading to capacity constraints. Both factors increased shipping times as well as the price of shipping, whether by sea, air, rail, or vehicle.~~ An interruption in any of our supply sources or facilities **, such as widely occurred during 2021,** could adversely affect our results of operations until alternate sources or facilities can be secured. Principal raw materials used **to** ~~in the~~ manufacture ~~of~~ the Company' s **products** ~~finished goods~~ include cotton, polyester, spandex, cotton- synthetic, poly- synthetic blends, textiles, plastic, glass, fabric and metal. The majority of such raw materials are sourced in China, either directly by us or our suppliers. If we are unable to **source** ~~continue to obtain~~ our raw materials and finished products from China or if our suppliers are unable to source raw materials from China, it could significantly disrupt our business. Furthermore, the Company and the Company' s suppliers generally source or manufacture finished goods in parts of the world that **have been and** may be **in the future** affected by economic uncertainty, political unrest, logistical challenges (such as port strikes and embargos), foreign currency fluctuations, labor disputes, health emergencies, or the imposition of duties, tariffs or other import regulations by the United States, any of which could result in additional cost or limit our supply of necessary goods and raw materials. See also " Risks Relating to Our Industries- Increases in the price of finished goods, raw materials and labor used to manufacture our products could materially increase our costs and decrease our profitability. " Our success depends upon the continued protection of our trade names, trademarks and other intellectual property rights and we may be forced to incur substantial costs to maintain, defend, protect and enforce our intellectual property rights. Our owned intellectual property and certain of our licensed intellectual property have significant value and are instrumental to our ability to market our products. Our most significant trade names are BAMKO ® and HPI ® within the Branded Products segment **, CID Resources within the Healthcare Apparel segment** and The Office Gurus ® within the Contact Centers segment. Our most significant trademarks, which are critically important to the marketing and operation of Superior' s Healthcare Apparel segment, are Fashion Seal Healthcare ® and ~~WonderWink ®~~ **Wink ™**. For the year ended December 31, ~~2022~~ **2023**, Fashion Seal Healthcare and ~~WonderWink~~ **Wink** represented approximately ~~41~~ **39** % and ~~38~~ **43** %, respectively, of sales in that segment. We cannot assure that our owned or licensed intellectual property or the operation of our business does not infringe on or otherwise violate the intellectual property rights of others. ~~We cannot assure~~ **It is possible** that third parties will ~~not~~ assert claims against us on ~~any~~ such basis ~~or~~ **; if they do we cannot assure you** that we will be able to successfully resolve such claims. In addition, although we seek international protection of our intellectual property, the laws of some foreign countries do not allow us to protect, defend or enforce our intellectual property rights to the same extent as the laws of the United States. We could also incur substantial costs to defend legal actions relating to **the** use of our intellectual property or prosecute legal actions against others using our intellectual property, either of which could have a material adverse effect on our business, results of operations or financial condition. There also **is** ~~can be~~ no ~~assurance~~ **guarantee** that we will be able to negotiate and conclude extensions of existing license agreements on similar economic terms or at all. Our customers may cancel or decrease the quantity of their orders, which could negatively impact our operating results. Sales to many of our customers are on an order- by- order basis. If we cannot fill customers' orders on time, orders may be cancelled and relationships with customers may suffer, which could have an adverse effect on us, especially if the relationship is with a major customer. Furthermore, if any of our customers experience a significant downturn in their business, or fail to remain committed to our programs or brands, the customer may reduce or discontinue purchases from us **, which has happened**. The reduction in the amount of our products purchased by customers could have a material adverse effect on our business, results of operations or financial condition. In addition, some of our customers have, from time to time ~~, and especially during the initial stages of the COVID- 19 pandemic,~~ experienced significant changes and difficulties, including consolidation of ownership, increased centralization of buying decisions, buyer turnover, restructurings, bankruptcies and liquidations. A significant adverse change in a customer relationship or in a customer' s financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer' s receivables or limit our ability to collect amounts related to previous purchases by that customer, all of which could have a material adverse effect on our business, results of operations or financial condition. **If we experience problems with our distribution systems, our ability to meet customer expectations, manage inventory and complete sales may be harmed.** Our **products are either distributed through our distribution centers in the United States or shipped directly from our vendors to our customers. Our distribution centers and storage locations include computer- controlled and automated equipment and rely on warehouse management systems to manage supply chain fulfillment operations, which means our operations are complicated, require coordination between our distribution centers and storage locations and are subject to a number of risks related to cybersecurity, the proper**

operation of software and hardware, including connections between software and / or hardware, electronic or power interruptions or other system failures. We maintain business **interruption insurance, but it may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system, such as the long- term loss of customers or an erosion of our brand image. Moreover, if we are unable to adequately staff our distribution centers to meet demand or if the cost of such staffing is higher than historical or projected costs, our results of operations** could be ~~materially~~ **harmed. Operating a distribution center comes with additional 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. If we encounter problems with our distribution systems, our ability to meet customer expectations, manage inventory and fulfillment capacity, complete sales and fulfill orders in a timely manner could be harmed, which could also harm our reputation and our relationship with our customers. If we are unable to accurately forecast customer demand, manage our inventory and plan for future expenses, our results of operations could be** adversely ~~impacted~~ **affected. We base our current and future inventory needs and expense levels on our operating forecasts and estimates of future demand. To ensure adequate inventory supply, we must be able to forecast inventory needs and expenses and place orders sufficiently in advance with our suppliers and manufacturers, based on our estimates of future demand for particular products. Our ability to forecast demand for our products has from time to time been and will continue to be affected** by **various factors, including unanticipated changes in general market conditions, and economic conditions or consumer confidence in future economic conditions. Failure to accurately forecast demand may result in inefficient inventory supply or increased costs. In addition, if we experience increased volatility in shipping times from our suppliers and manufacturers and / or production disruptions, we may experience a shortage of products available for sale. Alternatively, if we advance** the ~~coronavirus~~ **timing of inventory shipments to mitigate perceived freight transit time volatility and / or sales below our expectations, we may experience excess inventory levels. Inventory levels in excess of customer demand may also result in inventory write- downs or write- offs** (~~COVID- 19~~ **as occurred in 2022**) ~~pandemic. COVID- 19 was declared a pandemic by the World Health Organization~~ and the **sale** ~~Centers for Disease Control and Prevention in March~~ of **excess inventory at discounted prices** ~~2020. The global spread of COVID- 19 created significant volatility and uncertainty and economic disruption~~ , ~~some of~~ which ~~continues. While~~ **would cause our gross margin to suffer and could impair** the ~~situation is different~~ **strength and premium nature of our brands. Further, lower** than ~~it was~~ **forecasted demand could also result** in ~~prior years~~ **excess manufacturing capacity or reduced manufacturing efficiencies** , ~~the extent to~~ which **could** ~~the COVID- 19 pandemic ultimately impacts our business, financial condition, results~~ - **result in lower margins. Conversely, if** ~~of operations or cash flows still depends on numerous factors that continue to evolve and which~~ we **underestimate customer demand, our suppliers and manufacturers** may not be able to ~~accurately predict, including, without limitation: the duration and scope of the pandemic; the success of efforts to~~ deliver **products** ~~effective vaccines and boosters on a timely basis~~ to **meet** ~~a number of people sufficient to prevent or~~ **our** ~~substantially lower~~ **requirements, and we may be subject to higher costs in order to secure** the ~~severity~~ **necessary production capacity or we may incur increased shipping costs. An inability to meet customer demand and delays in the delivery** of ~~incidents of infection or~~ **our** ~~variants; the duration~~ **products to our customers could result in reputational harm** and **damaged customer relationships** ~~scope of governmental, business~~ and ~~individuals' actions that~~ have ~~been and~~ - **an adverse** ~~will be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the~~ effect on our ~~suppliers and customers and customer demand for our core products and services; the effect on our sources of supply; the impact of the pandemic on economic activity and actions taken in response; closures of our and our suppliers' and customers' offices and facilities; the ability of our customers to pay for our products and services; financial market volatility ; commodity prices; and the pace of recovery from the pandemic. The potential effects of COVID- 19 also could impact us in a number of other ways, including, but not limited to, reductions to our revenue and profitability, costs associated with complying with new or amended laws and regulations affecting our business, declines in our stock price, reduced availability and less favorable terms of future borrowings, reduced credit-worthiness of our customers, and potential impairment of the carrying value of indefinite- lived intangible assets. Any of these events could materially adversely affect our~~ business, financial condition ~~,~~ **and** results of operations ~~and cash flows~~ . We pursue acquisitions from time- to- time to expand our business, which may pose risks to our business. We selectively pursue acquisitions from time- to- time as part of our growth strategy. We compete with others within our industries for suitable acquisition candidates. This competition may increase the price of acquisitions and reduce the number of acquisition candidates available to us. As a result, acquisition candidates may not be available to us in the future on favorable terms. Acquisition valuations require us to make certain estimates and assumptions to determine the fair value of the acquired entities (including the underlying assets and liabilities). If our estimates or assumptions ~~to value~~ **on the valuation of** the acquired assets and liabilities are not accurate, we may be exposed to losses, and / or unexpected usage of cash flow to fund the operations of the acquired businesses that may be material. Even if we are able to acquire businesses on favorable terms, managing growth through acquisitions is a difficult process that includes **:** integration and training of personnel, combining facility and operating procedures, and additional ~~matters~~ **processes** related to the integration of acquired businesses within our existing organization. Unanticipated issues related to integration may result in additional expense and in disruption to our operations, and may require a disproportionate amount of our management' s attention, any of which could negatively impact our ability to achieve anticipated benefits, such as revenue and cost synergies. Growth of our business through acquisition generally increases our operating complexity and the level of responsibility for both existing and new management personnel. Managing and sustaining our growth and expansion may require substantial enhancements to our operational and financial systems and controls, as well as additional administrative, operational and financial resources. We may be required to invest in additional support personnel, facilities and systems to address the increased complexities associated with business or segment expansion. These investments could result in higher overall operating costs and lower operating profits for the business as a whole. There can be no assurance that we will be successful in integrating acquired businesses or managing our expanding operations. In addition, although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover or adequately protect against all material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to identify suitable acquisitions, discover liabilities associated with such businesses in the diligence process, successfully integrate these acquired businesses, or successfully manage our expanding operations, could adversely affect our business, results of operations or financial condition. In order to finance such acquisitions, we may need to obtain additional funds either through public or private financings, including bank and other secured and unsecured borrowings and / or the issuance of equity or debt securities. There can be no assurance that such financings would be available to us on reasonable terms. Any future issuances of equity securities or debt securities with equity features may be dilutive to our shareholders. If our information technology systems suffer interruptions or failures, including as a result of cyber- attacks, our business operations could be disrupted and our reputation, results of operations and / or financial condition could suffer. We rely on information technology systems to process transactions, communicate with customers, manage our business and process and maintain information. The measures we have in place to monitor and protect our information technology systems might not provide sufficient protection from catastrophic events, power surges, viruses, malicious software (including ransomware), attempts to gain unauthorized access to data or other types of cyber- based attacks. As cyber- attacks become more frequent, sophisticated, damaging and difficult to predict, any such event could negatively impact our business operations, such as by product disruptions that result in an unexpected delay in operations, interruptions in our ability to deliver products and services to our customers, loss of confidential or otherwise protected information, corruption of data and expenses related to the repair or replacement of our information technology systems. Compromising and / or loss of information could result in loss of sales or legal or regulatory claims which could adversely affect our revenues and profits or damage our reputation. Failure to comply with data privacy and security laws and regulations could adversely affect our operating results and business. In the ordinary course of our business, we might collect and store in our internal and external data centers, cloud services and networks sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, as well as personal information of our customers ~~and~~ **,** employees **and others** . The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. The number and sophistication of attempted attacks and intrusions that companies have experienced from third parties has increased over the past few years. Despite our security measures, it is impossible for us to eliminate this risk. **Many** ~~A number of~~ U. S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other sensitive personal information. For example, all 50 states and several U. S. territories now have data breach laws that require timely notification to affected individuals, and at times regulators, credit reporting agencies and other bodies, if a company has experienced the unauthorized access or acquisition of certain personal information. Other state laws include the California Consumer Privacy Act, as amended (" CCPA "). The CCPA, among other things, contains disclosure obligations for businesses that collect personal information about California residents and affords those individuals new rights relating to their personal information that may affect our ability to collect and / or use personal information. ~~Meanwhile, several other~~ **Other** states and the federal government ~~have considered or~~ are considering **new data** privacy **and / or security** laws ~~like the CCPA~~ . We will continue to monitor and assess the impact of these laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class- action litigation and carry significant potential liability for our business. ~~Outside of the U. S., data~~ **Data** protection laws **enacted outside of the U. S.** , ~~including~~ **such as** the EU General Data Protection Regulation (the " GDPR "), also might apply to some of our operations or business partners. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data / information continue to evolve. The GDPR imposes, among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data / information, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4 % of total company revenue). Other governmental authorities around the world have enacted or are considering similar types of legislative and regulatory proposals concerning data protection. The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement and maintain adequate compliance programs. Failure to comply with U. S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and / or criminal penalties), private litigation and / or adverse publicity and could negatively affect our operating results and business. We are subject to international, federal, national, regional, state, local and other laws and regulations, and failure to comply with them may expose us to potential liability. We are subject to international, federal, national, regional, state, local and other laws and regulations affecting our business, including but not limited to those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission, the Food, Drug, and Cosmetic Act, the rules and regulations of the Food and Drug Administration (FDA), the Foreign Corrupt Practices Act of 1977 (FCPA), various securities laws and regulations including but not limited to the Securities Exchange Act of 1934, the Securities Act of 1933, and the Nasdaq Stock Market LLC Rules, various labor, workplace and related laws, and environmental laws and regulations. Failure to comply with such laws and regulations may expose us to potential liability and have an adverse effect on our results of operations. Our business may be impacted by non- performance by manufacturers to whom we made advance payments. We have entered into agreements with manufacturers in which we make payments for raw materials and services in advance of the shipment and delivery of finished products. In the event that advance payments are made to manufacturers that do not have the ability to satisfy their contractual obligations due to their financial instability, geopolitical unrest or other factors, we may incur unrecoverable losses which could have a material adverse effect on our business, results of operations and financial condition. Implementation of technology initiatives could disrupt our operations in the near term and fail to provide the anticipated benefits. As our business grows, we continue to make significant investments in our technology, including in the areas of warehouse management, enterprise risk management and product design. The costs, potential problems and interruptions associated with the implementation of technology initiatives could disrupt or reduce the efficiency of our operations in the near term. They may also require us to divert resources from our core business to ensure that implementation is successful. In addition, new or upgraded technology might not provide the anticipated benefits, might take longer than expected to realize the anticipated benefits, might fail or might cost more than anticipated. Failure to preserve positive labor relationships with our employees could adversely affect our results of operations. Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could reduce our operating margins and income. While we believe that our employee relations are good, and very few of our employees are currently subject to collective bargaining agreements, unions have traditionally been active in the U. S. apparel industry **and recently have become more active generally** . Our workforce has been subject to union organization efforts from time to time, and we could be subject to future unionization efforts as our operations expand **or change** . Unionization of our workforce could increase our operating costs or constrain our operating flexibility. Our business may be impacted by unforeseen or catastrophic events, including the emergence of pandemics or other widespread health emergencies, terrorist attacks, extreme weather events or other natural disasters and other unpredicted events. The occurrence of unforeseen or catastrophic events, such as the emergence of pandemics or other widespread health emergencies (or concerns over the possibility of such pandemics or emergencies), terrorist attacks, extreme weather events or other natural disasters or other unpredicted events, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to source and supply products and services and manage our businesses, and could negatively impact our customers' ability or willingness to purchase our products and services. ~~For example, our corporate headquarters is located in Florida, which is a hurricane- sensitive area; should a hurricane occur, the possibly resulting infrastructure damage and disruption to the area could negatively affect our company, such as by damage to or total destruction of our headquarters, surrounding transportation infrastructure, network communications and other forms of communication.~~ Some of our ~~other~~ locations and those of our suppliers, such as those located in the U. S., Central America and Haiti, also are exposed to hurricanes, earthquakes, floods and other extreme weather events; the damage that such events could produce could affect the supply of our products and services. ~~The principal~~ **Principal** ~~fabrics~~ **raw materials** used ~~for our uniforms are made from~~ **to manufacture the Company' s finished goods include** cotton, polyester **, spandex** , cotton- synthetic ~~and~~ **,** poly- synthetic blends **, textiles,** ~~. The principal components in our promotional products are~~ plastic, glass, fabric and metal. The prices we pay for these fabrics and components and our finished goods are dependent on the market price for the raw materials used to produce them, primarily cotton and chemical components of synthetic fabrics including raw materials such as chemicals and dyestuffs. These finished goods and raw materials are subject to price volatility caused by weather, supply conditions, government regulations, economic and political climate, currency exchange rates, labor costs, and other unpredictable factors. Fluctuations in petroleum prices also may influence the prices of related items such as chemicals, dyestuffs and polyester yarn. ~~Any~~ - **An** increase in raw material prices **would likely** ~~increases~~ - **increase** our cost of sales and ~~can~~ decrease our profitability unless we are able to pass the costs on to our customers in the form of higher prices. In addition, if one or more of our competitors is able to reduce their production costs by taking advantage of any reductions in raw material prices or favorable sourcing agreements, we may face pricing pressures from those competitors and may be forced to reduce our prices or face a decline in revenues, either of which could have a material adverse effect on our business, results of operations and financial condition . Furthermore, significant or sustained inflation...... cash flow could be materially adversely affected . We face intense competition within our industries and our revenue and / or profits may decrease if we are not able to respond to this competition effectively. Customers in the uniform and corporate identity apparel, promotional products, and business process outsourcing industries choose suppliers primarily based upon the quality, price and breadth of products and services offered. We encounter competition from a number of companies in the geographic areas we serve. Major competitors for our Branded Products segment include companies such as BDA, Inc., HALO Branded Solutions, Inc., Staples, Inc., Cimpress PLC, HH Global Group Limited and Lands' End, Inc. Major competitors for our Healthcare Apparel segment include companies such as Medline Industries, Inc., Careismatic Brands, Barco Uniforms, Inc., FIGS, Inc., Encompass Medical and Standard Textile Co., Inc. Major competitors for our Contact Centers segment include companies such as TaskUs, Transparent BPO, **Concentrix** ~~WebHelp~~ **Webhelp** , Focus Services, Ubiquity, CCI and RDI. We also compete with a multitude of foreign, regional and local competitors that vary by market. If our existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, which would adversely affect our operating results. Similarly, if customers or potential customers perceive the products or services offered by our existing or future competitors to be of higher quality than ours or part of a broader product mix, our revenues may decline, which would adversely affect our operating results. Global, national or regional economic slowdowns, high unemployment levels, fewer jobs, changes in tax laws or cost increases might have an adverse effect on our operating results. Many of our products are used by workers and, as a result, our business prospects are dependent upon levels of employment and overall economic conditions on a global, national and regional level, among other factors. Our revenues are impacted by our customers' opening and closing of locations and reductions and increases in headcount, including from voluntary turnover and increased automation. If we are unable to offset these effects, such as through the addition of new customers or the ~~penetration~~ **expansion** of **relationships with** existing customers ~~with~~ **through** a broader mix of product and service offerings, our revenue growth rates will be negatively impacted. Likewise, increases in tax rates or other changes in tax laws or other regulations can negatively affect our profitability. While we do not believe that our exposure is greater than that of our competitors, we could be adversely affected by increases in the prices of fabric, natural gas, gasoline, wages, employee benefits, insurance costs and other components of product cost unless we can recover such increases through proportional increases in the prices for our products and services. Competitive and general economic conditions might limit our ability and that of our competitors to increase prices to cover any increases in our product cost. The branded uniforms, healthcare apparel and promotional products industries are subject to pricing pressures that may cause us to lower the prices we charge for our products and adversely affect our financial performance. Many of our competitors also source their product requirements from developing countries to achieve a lower cost operating environment, possibly with lower costs than our offshore facilities, and those manufacturers may use these cost savings to reduce prices. Some of our competitors have more purchasing power than we do, which may enable them to obtain products at lower costs. To remain competitive, we may adjust our prices and margins from time- to- time in response to these industry- wide pricing pressures. Additionally, increased customer demands for allowances, incentives and other forms of economic support could reduce our margins and affect our profitability. Our financial performance will be negatively affected by these pricing pressures if we are forced to reduce our prices and we cannot reduce our product costs proportionally or if our product costs increase and we cannot increase our prices proportionally. Our results of operations could be adversely affected by economic and political conditions globally and the effects of these conditions on our customers' businesses and levels of business activity. Economic and political events ~~this~~ **in recent** ~~year~~ **years** have altered the landscape in which we and other U. S. companies operate in a variety of ways. In response to inflationary pressures, the U. S. Federal Reserve repeatedly has raised interest rates, resulting in an increase in the cost of borrowing for us, our customers, our suppliers, and other companies relying on debt financing. ~~It has indicated that it likely will~~ **In light of continuing inflationary pressures, the Federal Reserve may decide to** raise rates ~~further~~ **again** . World events, such as the Russian invasion of Ukraine and the resulting economic sanctions, have impacted the global economy, including by exacerbating inflationary and other pressures. **In addition, the threat of a wider war in the Middle East after the Hamas terrorist attacks on Israel could affect oil prices and have other effects on the global economy. Both crises have potentially far- reaching impacts on energy and food markets and global trade. An escalating war in the Middle East,** ~~Prolonged~~ **prolonged** inflationary conditions, high and / or increased interest rates, ~~and~~ additional sanctions or retaliatory measures related to the Russia- Ukraine crisis, or other situations, could further negatively affect U. S. and international commerce and exacerbate or prolong the period of high energy prices. At this time, the extent and duration of these economic and political events and their effects on the economy and the Company are impossible to predict **, but the impact on the Company' s business could be material** . Changes to trade regulation, quotas, duties, tariffs or other restrictions caused by the changing U. S. and geopolitical environments or otherwise, such as those with respect to China, may materially harm our revenue and results of operations, such as by increasing our costs and / or limiting the amount of products that we can import. Our operations are subject to various international trade agreements and regulations, such as the Dominican Republic – Central America Free Trade Agreement (CAFTA- DR), Caribbean Basin Trade Partnership Act (CBTPA), Haitian Hemispheric Opportunity through Partnership Encouragement Act, as amended (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II), the Haiti Economic Lift Program of 2010 (HELP), the African Growth and Opportunity Act (AGOA), the Middle East Free Trade Area Initiative (MEFTA) and the activities and regulations of the World Trade Organization (WTO). Generally, these trade agreements and regulations benefit our business by reducing or eliminating the quotas, duties and / or tariffs assessed on products manufactured in a particular country. However, trade agreements and regulations can also impose requirements that have a material adverse effect on our business, revenue and results of operations, such as limiting the countries from which we can purchase raw materials, limiting the products that qualify as duty free, and setting quotas, duties and / or tariffs on products that may be imported into the United States from a particular country. Certain inbound products in our Branded Products and Healthcare Apparel segments to the United States are subject to tariffs assessed on the manufactured cost of goods at the time of import. As a result, we have had to increase prices for certain products and may be required to raise those prices further, or raise our prices on other products, which may result in the loss of customers and harm our operating performance. In response, in part, to tariffs levied on products imported from China we have shifted some production out of China and may seek to shift additional production out of China, which may result in additional costs and disruption to our operations. The countries in which our products are manufactured or into which they are imported may from time- to- time impose new quotas, duties, tariffs and requirements as to where raw materials must be purchased to qualify for free or reduced duty. These countries also may create additional workplace regulations or other restrictions on our imports or adversely modify existing restrictions. Adverse changes in these costs and restrictions could harm our business. We cannot assure that future trade agreements or regulations will not provide our competitors an advantage over us or increase our costs, either of which could have a material adverse effect on our business, results of operations or financial condition. Nor can we assure that the changing geopolitical and U. S. political environments will not result in a trade agreement or regulation being altered which adversely affects our company. The U. S. government may decide to impose or alter existing import quotas, duties, tariffs or other restrictions on products or raw materials sourced from those countries, which include countries from which we import raw materials or in which we manufacture our products. Any such quotas, duties, tariffs or restrictions could have a material adverse effect on our business, results of operations or financial condition. The apparel industry, including branded uniforms and healthcare, is subject to changing fashion trends and if we misjudge consumer preferences, the image of one or more of our brands may suffer and the demand for our products may decrease. The apparel industry, including branded uniforms and healthcare, is subject to shifting customer demands and evolving fashion trends and our success is also dependent upon our ability to anticipate and promptly respond to these changes. Failure to anticipate, identify or promptly react to changing trends or styles may result in decreased demand for our products, as well as excess inventories and markdowns, which could **result in inventory write- downs which may** have a material adverse effect on our business, results of operations and financial condition. In addition, if we misjudge consumer preferences, our brand image may be impaired. We believe our products are, in general, less subject to fashion trends compared to many other apparel manufacturers because the majority of what we manufacture and sell are branded uniforms, scrubs and other accessories. Our Contact Centers business is dependent on the trend toward outsourcing. Our Contact Centers business and growth within that segment depend in large part on the industry trend toward outsourced customer contact management services ~~. Outsourcing means that an entity contracts with a third party, such as us, to provide customer contact services rather than perform such services in- house~~ . There can be no assurance that this trend will continue, as organizations may elect to perform such services themselves. A significant change in this trend could have a material adverse effect on our business, financial condition and results of operations. **We also compete with companies that utilize emerging technologies and assets, such as artificial intelligence and chatbots. These competitors may offer products and services that may, among other things, provide automated alternatives to the services that we provide in the marketplace or otherwise change the way that contact centers engage so as to make our outsourced customer contract management solution less attractive to existing and potential customers. We may face increased competition from these competitors as they mature and expand their capabilities.** Risks Relating to Our Indebtedness and Retirement Plan Obligations Our indebtedness may limit cash flow available to invest in the ongoing needs of our business. As of December 31, ~~2022~~ **2023** , our total consolidated indebtedness was $ ~~156~~ **94** . ~~1~~ **4** million. Our outstanding indebtedness may have negative consequences on our business, such as requiring us to dedicate a sizable portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, dividends, stock buybacks and other general corporate purposes, and increasing our vulnerability to adverse economic or industry conditions. Our credit agreement contains restrictions that limit our flexibility in operating our business. Our senior secured credit agreement contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things: • incur additional indebtedness or issue certain preferred shares; • pay dividends on, repurchase or make distributions in respect of our capital stock, or make other restricted payments; • make certain investments; • sell certain assets; • acquire other businesses; • create liens; • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and • enter into certain transactions with our affiliates. Substantially all of the **operating** assets of the Company are pledged as collateral under our indebtedness. Our credit agreement requires compliance with certain financial ratios and covenants and satisfaction of specified financial tests. Failure to meet any financial ratios, covenants or financial tests could result in an event of default under our credit agreement. If an event of default occurs, our lenders could increase our borrowing costs, restrict our ability to obtain additional borrowings under our line of credit, accelerate all amounts outstanding or enforce its interest against collateral pledged under the credit agreement. We have significant **obligations under our unfunded supplemental executive** retirement plan **,** ~~obligations with respect to certain of our employees~~ and our available cash flow may be adversely affected in the event that payments become due under **it** ~~our supplemental executive retirement plan that is unfunded~~ . The Company is the sponsor of an unfunded supplemental executive retirement plan (" SERP ") ~~in which several of its employees are participants~~ . In the event that payments become due under the SERP, we will have to use cash flow from operations or other sources to fund our obligations. As of December 31, ~~2022~~ **2023** , we had $ 13. ~~0~~ **6** million in unfunded obligations related to the SERP. Risks Relating to Our Common Stock Certain existing shareholders have significant control. At December 31, ~~2022~~ **2023** , our executive officers and ~~Directors~~ **directors** , and certain of their family members collectively owned approximately ~~34~~ **29** . ~~3~~ **4** % of our outstanding common stock. As a result, our executive officers and ~~Directors~~ **directors** , and certain of their family members, have significant influence over the election of our Board of Directors, the approval or disapproval of any other matters requiring shareholder approval, and the affairs and policies of our company. We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate the material weakness and otherwise maintain an effective system of internal control over financial reporting, it could result in us not preventing or detecting on a timely basis a material misstatement of the Company' s financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company' s annual or interim financial statements will not be prevented or detected on a timely basis. As further disclosed in " Item 9A. Controls and Procedures " of this Annual Report on Form 10- K, management has identified a material weakness relating to segregation of duties, change management and user access within certain proprietary information technology systems of the Contact Centers segment. While these control deficiencies did not result in a misstatement to the consolidated financial statement, the material weakness could have resulted in a misstatement impacting account balances or disclosures that would have resulted in a material misstatement to the consolidated financial statements that would not have been prevented or detected on a timely basis. Although we are implementing plans to remediate this material weakness, we cannot be certain of the success of the plans. If our remedial measures are insufficient to address the material weakness, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, or our disclosure controls and procedures are again determined to be ineffective, we may not be able to prevent or identify irregularities or ensure the fair and accurate presentation of our financial statements included in our periodic reports filed with the U. S. Securities and Exchange Commission. Additionally, the occurrence of, or failure to remediate, a material weakness and any future material weaknesses in our internal control over financial reporting or determination that our disclosure controls and procedures are ineffective may have other consequences that could materially and adversely affect our business, including an adverse impact on the market price of our common stock, potential actions or investigations by the U. S. Securities and Exchange Commission or other regulatory authorities, shareholder lawsuits, a loss of investor confidence and damage to our reputation. We have recently recognized, and may recognize in the future, impairment charges, which could materially adversely affect our financial condition and results of operations. We assess our intangible assets and long- lived assets for impairment when required by generally accepted accounting principles in the United States (" GAAP "). These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their estimated fair values. **For example** ~~In conjunction with our re- segmentation during the second quarter of 2022~~ , ~~we performed a goodwill impairment analysis and determined that the estimated fair value of the previous Uniforms and Related Products segment was lower than its carrying value primarily as the result of market conditions,~~

~~decline in expected cash flows and decrease in our stock price. During the third quarter of 2022, we determined that a triggering event occurred in relation to the depressed market price of the Company' s common stock and corresponding significant decline in the Company' s market capitalization. Consequently, the Company recorded a non- cash goodwill impairment charge of $ 45. 9 million~~ during the year ended December 31, 2022 ~~. In conjunction with our re- segmentation~~ , ~~we also began an effort to centralize certain branding and go- to- market strategies under~~ the **Company recorded** ~~BAMKO brand and determined that we would no~~ **non** ~~longer use certain~~ **cash goodwill and indefinite lived** trade ~~names~~ - **name** ~~associated with branded products~~ **impairment charges totaling $ 45** . **9 million and** ~~Our rebranding efforts resulted in a~~ $ 5. 6 million **respectively** ~~non- cash impairment of indefinite- lived trade names related to our Branded Products segment during the year ended December 31, 2022~~ . The estimated fair value of our intangible assets and long- lived assets is impacted by general economic conditions in the locations in which we operate. Deterioration in these general economic conditions may result in: **•** declining revenue, which can lead to excess capacity and declining operating cash flow; **•** reductions in management' s estimates for future revenue and operating cash flow growth; **•** increases in borrowing rates and other deterioration in factors that impact our weighted average cost of capital; and **•** deteriorating real estate values. If our assessment of intangible assets or long- lived assets indicates an impairment of the carrying value for which we recognize an impairment charge, this may again adversely affect our financial condition and results of operations, potentially materially so. Our share price may change significantly, and our shareholders may not be able to resell shares of our common stock at or above the price they paid or at all, and they could lose all or part of their investment as a result. ~~If we sell any common stock or securities convertible into or exercisable for common stock under our universal shelf registration statement, our shareholders may be diluted.~~ The trading price of our common stock, as reported on the Nasdaq Stock Market, could fluctuate due to a number of factors such as those listed in " Risks Relating to Our Business " and include, but are not limited to, the following, some of which are beyond our control: • quarterly variations in our results of operations; • results of operations that vary from the expectations of securities analysts and investors; • results of operations that vary from those of our competitors; • changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors; • announcements by us, our competitors or our vendors of significant contracts, acquisitions, divestitures, joint marketing relationships, joint ventures or capital commitments; • announcements by third parties of significant claims or proceedings against us; and • general domestic and international economic conditions. Furthermore, the stock market has experienced ~~extreme~~ volatility that, in some cases, has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In the past, following periods of market volatility, shareholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation ~~. Finally, in 2020 we filed with the Securities and Exchange Commission a universal shelf registration statement, pursuant to which we may offer and sell up to $ 120, 000, 000 in the aggregate of common stock, preferred stock, debt securities, warrants, units and subscription rights, and the selling shareholders may offer and sell up to 750, 000 shares in the aggregate of our common stock, in each case from time to time in one or more offerings. Any such offering or sale may cause a decline in our share price and an offering by us of equity securities or securities convertible into or exercisable for equity securities may result in dilution to existing shareholders~~ . There can be no assurance that we will continue to pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock. Payment of cash dividends on our common stock is subject to our compliance with applicable law and depends on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, business prospects and other factors that our board of directors may deem relevant. Our credit agreement contains, and the terms of any future indebtedness we incur may contain, limitations on our ability to pay dividends. Although we have paid cash dividends in the past, there can be no assurance that we will continue to pay any dividend in the future. General Risk Factors We are subject to periodic litigation in both domestic and international jurisdictions that may adversely affect our financial position and results of operations. From time- to- time we may be involved in legal or regulatory actions regarding product liability, employment practices, intellectual property infringement, bankruptcies **, telemarketing compliance, consumer protections** and other litigation or enforcement matters. These proceedings may be in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, including class- action allegations brought under various consumer protection and employment laws. Due to the inherent uncertainties of litigation in both domestic and foreign jurisdictions, we cannot accurately predict the ultimate outcome of any such proceedings. These proceedings could cause us to incur costs and may require us to devote resources to defend against these claims and could ultimately result in a loss or other remedies, such as product recalls, which could adversely affect our financial position and results of operations. Volatility in the global financial markets could adversely affect results. In the past, global financial markets have experienced extreme disruption, including, among other things, volatility in securities prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. There **might** ~~can be no assurance that there will not~~ be further ~~change~~ **changes** or volatility, which could lead to challenges in our business and negatively impact our financial results. Any future tightening of credit in financial markets could adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in orders and spending for our products and services. We are unable to predict the likely duration and severity of any disruption in financial markets and adverse economic conditions and the effects they may have on our business and financial condition. **.** Furthermore,significant or sustained inflation could have an adverse impact on our operating and general and administrative expenses.Please see " Our results of operations could be adversely affected by economic and political conditions globally and the effects of these conditions on our customers' businesses and levels of business activity " ~~above~~ **below** for a description of recent inflationary pressure.During inflationary periods,these costs could increase at a rate higher than our ability to offset them via customer- facing pricing adjustments,alternative supply sources or other measures.Inflation could also have an adverse effect on consumer spending,which could adversely impact demand for our products and services.If our operating and other expenses increase faster than anticipated due to inflation,our financial condition,results of operations and cash flow could be materially adversely affected ~~.~~Inability to attract and retain key management or other personnel could adversely impact our business **and financial condition** . Our success is largely dependent on the skills, experience and efforts of our senior management and other key personnel. If, for any reason, one or more senior executive or key personnel was not to remain active in our company, or if we were unable to attract and retain senior management or key personnel or our costs to do so increase significantly, our results of operations could be adversely affected. If we are unable to accurately predict our future tax liabilities, become subject to increased levels of taxation or our tax contingencies are unfavorably resolved, our results of operations and financial condition could be adversely affected. Changes in tax laws or regulations in the jurisdictions in which we do business, including the United States, or changes in how the tax laws are interpreted, could further impact our effective tax rate, further restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows. We are also subject to tax audits in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.