Risk Factors Comparison 2024-05-02 to 2023-04-28 Form: 10-K

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~~Risks Related to Our Business and Industry — The COVID- 19 pandemic has adversely affected, and may continue to adversely affect, our business, financial condition, cash flow, liquidity and results of operations" for additional discussion regarding risks to our business associated with the COVID- 19 pandemic. Our Brands Vince Vince, established in 2002, is a leading global luxury apparel and accessories brand best known for creating elevated yet understated pieces for every day effortless style. Known for its range of luxury products, Vince offers women' s and men' s ready- to- wear, footwear and accessories through 50 full- price retail stores, 17 outlet stores, its e- commerce site, vince. com, and through its subscription service Vince Unfold, vinceunfold. com, as well as through premium wholesale channels globally. Our wholesale business is comprised of sales to major department stores and specialty stores in the U. S. and in select international markets. We have distribution arrangements with a small number of wholesale partners for non- licensed product which has improved profitability in the wholesale business and enables us to focus on other areas of growth for the brand, particularly in the direct- to- consumer business. We continue to collaborate with our wholesale partners in various areas, including merchandising and logistics to build a more profitable and focused wholesale business. Our wholesale business also includes our licensing business related to our licensing arrangements for our women' s and men' s footwear line, as well as soft accessories and cold weather goods. The licensed products are sold in our own stores, on our e- commerce website, vince. com, and by our licensee to select wholesale partners. We earn a royalty based on net sales to the wholesale partners. Our direct- to- consumer business includes our company- operated retail and outlet stores and our e- commerce business. During fiscal 2022, we closed one net retail store. The direct- to- consumer business also includes our e- commerce website, vince. com, and our subscription service, Vince Unfold, vinceunfold. com. The following table details the number of Vince retail stores we operated for the past two fiscal years: Fiscal Year Beginning of fiscal year Net (closed) opened (1 End of fiscal year Rebecca Taylor Rebecca Taylor, founded in 1996 in New York City, is a contemporary womenswear line lauded for its signature prints, romantic detailing and vintage inspired aesthetic, reimagined for a modern era. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company' s indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note 2" Wind Down of the Rebecca Taylor Business" to the Consolidated Financial Statements in this Annual Report for additional information. The Rebecca Taylor collection was previously available through retail stores and outlet stores, through its branded e- commerce site and through its subscription service Rebecca Taylor RNTD, as well as through major department and specialty stores in the U. S. and in select international markets. All Rebecca Taylor retail and outlet stores operated by the Company were closed as of January 28, 2023 and the e- commerce site operated by the Company ceased in December 2022. The following table details the number of Rebecca Taylor retail stores we operated for the past two fiscal years: (18 Parker Parker, founded in 2008 in New York City, is a contemporary women' s fashion brand that is trend focused. During the first half of fiscal 2020 the Company decided to pause the creation of new products to focus resources on the operations of the Vince and Rebecca Taylor brands. On February 17, 2023, the Company' s indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. See Note 15" Subsequent Events" to the Consolidated Financial Statements in this Annual Report for additional information. The Parker collection was previously available through major department stores and specialty stores worldwide as well as through its e- commerce website. Business Segments We serve our customers through a variety of channels that reinforce our brand images. Our diversified channel strategy allows us to introduce our products to customers through multiple distribution points that are presented in three reportable segments: Vince Wholesale, Vince Direct- to- consumer, and Rebecca Taylor and Parker. Fiscal Year (in thousands, except percentages) % of Total Net Sales % of Total Net Sales Vince Wholesale $ 169, 375 47. 4 % $ 147, 817 45. 8 % Vince Direct- to- consumer 149, 770 41. 9 % 135, 720 42. 1 % Rebecca Taylor and Parker 38, 297 10. 7 % 39, 146 12. 1 % Total net sales $ 357, 442 100. 0 % $ 322, 683 100. 0 % Our Vince Wholesale segment is comprised of sales to major department stores and specialty stores in the U. S. and in select international markets. Our Vince Wholesale segment also includes our licensing business related to our licensing arrangements for our women' s and men' s footwear line, as well as soft accessories and cold weather goods. Our Vince Direct- to- consumer segment includes our Vince company- operated retail and outlet stores, our Vince e- commerce business and our subscription service, Vince Unfold. Our Rebecca Taylor and Parker segment consisted of our operations to distribute Rebecca Taylor and Parker brand products to major department and specialty stores in the U. S. and select international markets and directly to the consumer through their own branded e- commerce platforms, our Rebecca Taylor retail and outlet stores and through our subscription service, Rebecca Taylor RNTD. Unallocated corporate expenses are related to the Vince brand and are comprised of selling, general and administrative expenses attributable to corporate and administrative activities (such as marketing, design, finance, information technology, legal and human resource departments), and other charges that are not directly attributable to the Company' s Vince Wholesale and Vince Direct- to- consumer reportable segments. Products We believe that our differentiated design aesthetic and strong attention to detail and fit allow us to maintain premium pricing, and that the combination of quality and value positions us as an everyday luxury brand that encourages repeat purchases among our customers. We also believe that we can expand our product assortments and distribute these expanded product assortments through our branded retail locations and our branded e- commerce platforms, as well as through our premier wholesale partners in the U. S. and select international markets. The Vince women' s collection includes seasonal collections of luxurious cashmere sweaters, silk blouses, a leather and suede collection that encompasses all~~

~~classifications, and jackets, dresses, skirts, pants, t- shirts, footwear, outerwear, and accessories. The Vince men' s collection includes cashmere sweaters, woven shirts, core and fashion pants, blazers, outerwear, footwear and accessories. The Rebecca Taylor collection, prior to the wind down as discussed above, previously included seasonal collections of occasion- forward dresses, suiting, silk blouses, leather and tweed jackets, outerwear, jumpsuits, cotton dresses and blouses, denim, sweaters, pants, skirts and knit and woven tops. The Parker collection, prior to the pause in the creation of new products as discussed above, previously included seasonal collections of occasion- forward dresses, cotton dresses, jumpsuits, silk blouses, knit and woven tops, leather jackets, sweaters, pants, and skirts. We continue to evaluate other brand extension opportunities through both in- house development activities as well as through potential partnerships or licensing arrangements with third parties. Design and Merchandising Our creative team is focused on developing and implementing the design direction for the Vince brand. Our design efforts are supported by well- established product development and production teams. We believe continued collaboration between design and merchandising will ensure we respond to consumer preferences and market trends with new innovative product offerings while maintaining our core fashion foundation. Marketing, Advertising and Public Relations We use marketing, advertising and public relations as critical tools to deliver a consistent and compelling brand message to consumers. The message and marketing strategies of our Vince brand are cultivated by dedicated creative, design, marketing, visual merchandising, and public relations teams. These teams work closely together to develop and execute campaigns that appeal to both our core and aspirational customers. To execute our marketing strategies, we engage in a wide range of campaign tactics that include traditional media (such as direct mail, print advertising, cooperative advertising with wholesale partners and outdoor advertising), digital media (such as email, search, social, and display) and experiential campaigns (such as events) to drive traffic, brand awareness, conversion and ultimately sales across all channels. Our marketing strategies also include utilizing a customer data platform from which we are able to achieve improved segmentation and personalization for an enhanced customer experience. In addition, we use social platforms such as Instagram and Facebook as we further invest in leveraging micro and macro influencer networks to increase brand awareness, engage customers and create excitement about loyalty towards our Vince brand. The visits to vince. com also provide an opportunity to grow our customer base and communicate directly with our customers both on line and in stores. See Part I, Item 1A. Risk Factors — "~~ Risks Related to Our Business and Industry — We may be unable to effectively execute our customer strategy." Our public relations team conducts a wide variety of press activities to reinforce ~~our~~ **the** brand image and create excitement around the Vince brand. Our apparel has appeared in the pages of major fashion magazines such as Vogue, Harper' s Bazaar, Elle, InStyle, GQ, Esquire and WSJ. Well-known trend setters in entertainment and fashion are also regularly seen wearing ~~our~~ **the** brand. Sourcing and Manufacturing We do not own or operate any manufacturing facilities. We contract for the purchase of finished goods with manufacturers who are responsible for the entire manufacturing process, including the purchase of piece goods and trim. Although we do not have long-term written contracts with manufacturers, we have long- standing relationships with a diverse base of vendors which we believe to be mutually satisfactory. We work with more than ~~40~~ **25** manufacturers across ~~13~~ **10** countries, with ~~82~~ **79** % of our products produced in China in fiscal ~~2022~~ **2023** . For cost and control purposes, we contract with select third- party vendors in the U. S. to produce a small portion of our merchandise. All of our garments are produced according to our specifications, and we require that all of our manufacturers adhere to strict regulatory compliance and standards of conduct. Our vendors' factories are monitored by our production team to ensure quality control, and they are monitored by independent third- party inspectors we employ for compliance with local manufacturing standards and regulations on an annual basis. We also monitor our vendors' manufacturing facilities regularly, providing technical assistance and performing in- line and final audits to ensure the highest possible quality. Distribution Facilities As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we operated out of three distribution centers, one located in the U. S., one in Hong Kong and one in Belgium. Our warehouse in the U. S., located in California, is operated by a third- party logistics provider and includes dedicated space to fulfilling orders to support our wholesale partners, retail locations and e- commerce business and utilizes a warehouse management system that is fully customer and vendor compliant. Our warehouse in Hong Kong is operated by a third- party logistics provider and supports our wholesale orders for international customers located primarily in Asia. Our warehouse in Belgium is operated by a third- party logistics provider and supports our Vince wholesale orders for international customers located primarily in Europe and our Vince UK store. We believe we have sufficient capacity in our domestic and international distribution facilities to support our current and projected business. Information Systems During fiscal 2021, we completed the rollout of a new point of sale (" POS") system for the Vince brand to expand our omni- channel capabilities to promote direct- to- consumer growth and enhance the customer engagement and shopping experience. During fiscal 2022, we completed the implementation of a customer data platform and the front- end re-platforming of our Vince e- commerce website. Our continued strategy includes investing in customer facing technologies to further expand our omni- channel capabilities and to further consolidate systems over time to create operational efficiencies and to achieve a common platform across the Company. See Part I, Item 1A. Risk Factors —" Risks Related to Our Information Technology and Security — We are continuing to adopt, optimize and improve our information technology systems, processes and functions. If these systems, processes, and functions do not operate successfully, our business, financial condition, results of operations and cash flows could be materially harmed" and Part II, Item 9A." Controls and Procedures." Seasonality The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence as well as the impact of adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct- to- consumer sales. As such, the financial results for any particular quarter may not be indicative of results for the fiscal year. We expect such seasonality to continue. Competition We face strong competition in each of the product categories and markets in which we compete on the basis of style, quality, price, and brand recognition. Some of our competitors have achieved significant recognition for their brand names or have substantially greater financial, marketing, distribution and other resources compared to us. However, we believe that we have established a sustainable and distinct position in the current marketplace, driven by a product assortment that combines classic and fashion- forward styling, and a pricing strategy that offers customers accessible luxury. Human Capital As of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we had ~~599~~ **579** employees, of which ~~353~~ **355** were employed in our company- operated retail stores. Except for ~~11~~ **8** employees in France, who are covered by collective bargaining agreements pursuant to French law, none of our employees are currently covered by a collective bargaining agreement and we believe our employee relations are good. Our key human capital measures include associate turnover, pay equity, **and** professional development as well as safety ~~, particularly in light of the COVID- 19 pandemic~~ . We have programs in place to provide associates with feedback on performance and professional development, including our formal annual performance review process. We frequently benchmark our compensation and benefits practices against comparable peers and assess them, so we continue to attract and retain talent throughout our organization. We strive to maintain an inclusive environment free from discrimination of any kind. Associates have multiple ways to report inappropriate behavior, including through a confidential hotline. All reports of inappropriate behavior are promptly investigated with appropriate action taken to stop such behavior. Trademarks and Licensing ~~We own the Vince trademark for the production, marketing, and distribution of our products in the U. S. and internationally. We have registered the trademark domestically and have registrations on file or pending in a number of foreign jurisdictions. We intend to continue to strategically register, both domestically and internationally, trademarks that we use today and those we develop in the future. We license the domain name for our website, vince. com, pursuant to a license agreement. Under this license agreement, we have an exclusive, irrevocable license to use the vince. com domain name without restriction at a nominal annual cost. While we may terminate such license agreement at our discretion, the agreement does not provide for termination by the licensor. We also own unregistered copyright rights in our design marks.~~ On April 21, 2023, Vince, LLC, the Company' s wholly owned indirect subsidiary, entered into the Asset Purchase Agreement, by and among Vince, LLC, ABG Vince, a newly formed indirect subsidiary of Authentic Brands Group, LLC, the Company and ABG Intermediate Holdings 2 LLC, whereby Vince, LLC **sold** ~~will sell~~ its intellectual property assets related to the business operated under the ~~VINCE~~ **Vince** brand to ABG Vince at closing. **The Company closed the Asset Sale on May 25, 2023 (the " Closing "). On May 25, 2023, in connection with the Closing, Vince, LLC and ABG Vince entered into a License Agreement (the " License Agreement "), which provides Vince, LLC with a license to use the Licensed Property in the Territory, which is defined as the United States, Canada, Andorra, Austria, Germany, Switzerland, Belgium, Netherlands, Luxembourg, France, Monaco, Liechtenstein, Italy, San Marino, Vatican City, Iceland, Norway, Denmark, Sweden, Finland, Spain, Portugal, Greece, Republic of Cyprus (excluding Northern Cyprus), United Kingdom, Ireland, Australia, New Zealand, Mainland China, Hong Kong, Macau, Taiwan, Singapore, Japan and Korea (the" Core Territory"), together with all other territories (the" Option Territory," together with the Core Territory, the " Territory "), to the Approved Accounts (each as defined in the License Agreement). The Option Territory may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement. The License Agreement also provides Vince, LLC with a license to operate the Vince e- commerce site, www. vince. com, as well as to operate all retail stores in the Territory. Vince, LLC is required to operate and maintain a minimum of 45 Retail Stores and Shop- in- Shops in the Territory. Additionally, the License Agreement provides Vince, LLC with a license to use the Licensed Property in the Territory to design, manufacture, promote, market, distribute, and sell ready- to- wear Sportswear Products and Outerwear Products (the" Core Products") and Baby Layettes (the" Option Products," together with the Core Products, the" Licensed Products"), which Option Products may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement. The initial term of the License Agreement began on May 25, 2023, the date on which the Closing actually occurred, and ends at the end of the Company' s 2032 fiscal year, unless sooner terminated pursuant to the terms of the License Agreement. Vince, LLC has the option to renew the License Agreement on the terms set forth in the License Agreement for eight consecutive periods of ten years each, unless the License Agreement is sooner terminated pursuant to its terms or Vince, LLC is in material breach of the License Agreement and such breach has not been cured within the specified cure period. Vince, LLC may elect not to renew the term for a renewal term. Vince, LLC is required to pay ABG Vince a royalty on net sales of Licensed Products and committed to an annual guaranteed minimum royalty of $ 11, 000 and annual minimum net sales as specified in the License Agreement, in each case, during the initial term of the License Agreement, except that the guaranteed minimum royalty and minimum net sales for the first contract year during the initial term will be prorated to the period beginning on the Closing Date and ending at the end of the Company' s 2023 fiscal year. The annual guaranteed minimum royalty and annual minimum net sales for each subsequent renewal term will be the greater of (i) a percentage as set forth in the License Agreement of the guaranteed minimum net royalty or the minimum net sales (as applicable) of the immediately preceding contract year, and (ii) the average of actual Royalties (as defined in the License Agreement, with respect to the guaranteed minimum royalty) or actual Net Sales (as defined in the License Agreement, with respect to the annual minimum net sales) during certain years as set forth in the License Agreement of the preceding initial term or renewal term (as applicable). Vince, LLC is required to pay royalties comprised of a low single digit percentage of net sales arising from retail and e- commerce sales of Licensed Products and a mid single digit percentage of net sales arising from wholesale sales of such Licensed Products. In the event that the annual guaranteed minimum royalty paid to ABG Vince in any given contract year is greater than the actual royalties earned by ABG Vince in the same contract year, the difference between the royalty actually earned and the annual guaranteed minimum royalty paid is credited for the next two contract years against any amount of royalty earned by ABG Vince in excess of the annual guaranteed minimum royalty paid during each such contract year, if any. On February 17, 2023, the Company' s indirectly wholly owned subsidiary, Parker Lifestyle, LLC, completed the sale of its intellectual property**

and certain related ancillary assets to Parker IP Co. LLC, an affiliate of BCI Brands. On December 22, 2022, the Company' s indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. See Note ~~15~~ **2** " ~~Subsequent Events~~ **Recent Transactions** " to the Consolidated Financial Statements in this Annual Report for additional information. Available Information We make available free of charge on our website, vince. com, copies of our Annual Reports on Form 10- K, quarterly reports on Form 10- Q, current reports on Form 8- K, proxy and information statements and all amendments to these reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended (the" Exchange Act"), as soon as reasonably practicable after filing such material electronically with, or otherwise furnishing it to, the SEC. The SEC maintains a website at sec. gov that contains reports, proxy and information statements and other information regarding the Company and other companies that electronically file materials with the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on the website, and the information contained on the website is not part of this Annual Report. ITEM 1A. RISK FACTORS. The following risk factors should be carefully considered when evaluating our business in addition to the forward- looking statements included elsewhere in this Annual Report. See" Disclosures Regarding Forward- Looking Statements." Any of the following factors could materially adversely affect our business, results of operations and financial condition. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially adversely affect our business, results of operations and financial condition. All amounts disclosed are in thousands except shares, per share amounts, percentages, stores, and number of leases. **The failure to maintain our license agreement relating to the Vince brand would cause us to lose all our revenues.** On ~~April 21~~ **May 25** , 2023, Vince, LLC, the Company' s wholly owned indirect subsidiary, ~~entered into~~ **sold all its intellectual property assets related to the business operated under the Vince brand to ABG Vince,** an ~~Intellectual Property~~ **indirect subsidiary of Authentic Brands Group, LLC (" Authentic "), pursuant to the** Asset Purchase Agreement ~~(the" Asset Purchase Agreement")~~ , **entered into** by and among Vince, LLC, ABG ~~- Viking, LLC (" ABG~~ Vince ~~"), a newly formed indirect subsidiary of Authentic Brands Group, LLC~~ , the Company and ABG Intermediate Holdings 2 LLC **. Simultaneously with the Asset Sale** , ~~whereby~~ Vince, LLC ~~will sell its intellectual~~ **entered into a license agreement (as amended from time to time, the" License Agreement") with ABG Vince which provides us with a license to use the Licensed** ~~property~~ **Property in** ~~assets related to~~ the ~~business operated under~~ **Territory (as defined in** the ~~VINCE~~ **License Agreement) in the Territory, which is defined as the United States, Canada, Andorra, Austria, Germany, Switzerland, Belgium, Netherlands, Luxembourg, France, Monaco, Liechtenstein, Italy, San Marino, Vatican City, Iceland, Norway, Denmark, Sweden, Finland, Spain, Portugal, Greece, Republic of Cyprus (excluding Northern Cyprus), United Kingdom, Ireland, Australia, New Zealand, Mainland China, Hong Kong, Macau, Taiwan, Singapore, Japan** ~~brand~~ -- **and** ~~to~~ **Korea (the" Core Territory"), together with all other territories (the" Option Territory, " together with the Core Territory, the " Territory "), which Option Territory may be changed unilaterally by** ABG Vince at **any time after the effective date of the License Agreement. Additionally, we may use in the Territory, the Licensed Property in the Territory to design, manufacture, promote, market, distribute, and sell ready- to- wear sportswear products and outerwear products (the" Core Products") and home décor and baby layettes (the" Option Products," together with the Core Products, the" Licensed Products"), which Option Products may be changed unilaterally by ABG Vince at any time after the effective date of the License Agreement. The License Agreement has an initial term of ten years with eight options to renew for a ten- year period each. Our revenues are generated solely from sales of products pursuant to the license granted under the License Agreement. We are required under the License Agreement, among other things, to achieve specified minimum net sales, make specified royalty payments, spend specified advertising and promotion expenditures, and maintain a minimum number of retail stores. If we do not satisfy any of the material requirements of the License Agreement, ABG Vince has the right to terminate the license or not renew the License Agreement. The failure to maintain or renew the License Agreement will cause us to lose all our revenues and have a material adverse effect on our results of operations. Our business is impacted by ABG Vince' s expansion of the Vince brand into other categories and territories. Under the License Agreement, ABG Vince may produce and sell Vince products other than the Licensed Products and operate the Vince brand in Option Territories into which it may decide to enter in the future. ABG Vince may do so by granting additional licenses to other third parties. For example, in August 2023, ABG Vince granted to a third party licensee a license to use the Licensed Property in the Territory to manufacture and distribute men' s tailored clothing and accessories across the US and Canada. We are unable to control the business strategies of ABG Vince relating to the expansion of the Vince brand outside of the license granted to us under the License Agreement, including how those strategies impact our own business strategies, the quality of products produced by other Vince brand licensees as well as how the overall Vince brand image may evolve. If there is a change in the parameters of the Vince brand' s design, pricing, distribution, target market or competitive set as a result of the brand' s expansion into other categories and territories, we may be unable to maintain our historical product design and marketing direction or appeal to the brand' s customer base as originally intended and our results of operations could be materially and adversely affected. Our business is subject to ABG Vince' s approval rights and other actions. Under the License Agreement, ABG Vince has broad approval rights at its sole good faith discretion, including over, among other things, design direction of Licensed Products and marketing strategies, as well as any addition of new customer accounts and new retail locations. In addition, ABG Vince may remove any customer account that was pre- approved at the time of the** closing ~~(~~ **of** the ~~"~~ Asset Sale ~~"). See Note 15" Subsequent Events" to~~ **if using its good faith, commercially reasonable judgment, it believes that such account is no longer consistent with** the **brand positioning** ~~Consolidated Financial Statements in this Annual Report~~ for ~~additional information~~ **the Licensed Property** . ~~The following description~~ **If ABG Vince chooses to exercise any** of ~~the~~ **these** ~~Company~~ **approval rights, we may be unable to operate our business as intended. Furthermore, as part of the Asset Sale,**

our license agreements, including our e- commerce website domain name license, were sold to ABG Vince. ABG Vince will be required to maintain such license agreements going forward, and its failure to do so could materially and adversely affect our business and operations. Lastly, Vince, LLC ' s **governance rights** ~~risk factors is presented on the basis that the closing of the Asset Sale has not yet occurred. The Asset Sale is subject to the satisfaction or waiver of a number of conditions on or prior to the closing. The Company anticipates to update its risk factors disclosure~~ as ~~appropriate once the closing~~ **a minority equity holder** of ~~the Asset Sale has occurred. Our recently signed intellectual property asset sale to Authentic Brands Group, LLC may not close as anticipated. On April 21, 2023, Vince, LLC, the Company' s wholly owned indirect subsidiary, entered into an Intellectual Property Asset Purchase Agreement (the" Asset Purchase Agreement"), by and among Vince, LLC, ABG- Viking, LLC ("~~ ABG Vince **are limited** ~~"), a newly formed indirect subsidiary of Authentic Brands Group, LLC, the Company and ABG Intermediate Holdings 2 LLC, whereby Vince, LLC will sell its intellectual property assets related to the business operated under the VINCE brand~~ -- **and** ~~to~~ **therefore,** ABG Vince **could choose** ~~. The Asset Sale is subject~~ to **take corporate actions** ~~the satisfaction or waiver of a number of conditions on or prior to the closing. See Note 15" Subsequent Events" to the Consolidated Financial Statements in this Annual Report for additional information on the Asset Sale. No assurance can be provided~~ that **would materially** ~~the conditions to closing will be satisfied or that the closing of the Asset Sale will occur as anticipated or at all. If the Asset Sale is consummated, the Company will no longer own the intellectual property assets related to the business operated under the VINCE brand~~ -- **and negatively impact the results of operations of** ~~, and will enter into a license arrangement with~~ ABG Vince ~~as described elsewhere~~ **, which could** in **turn adversely affect** ~~this Annual Report. This will require~~ the ~~Company~~ **amount of cash available for distribution** to **Vince, LLC** ~~modify its existing business model and will significantly alter the risk profile relating to the Company' s operations~~. Our ability to continue to have the liquidity necessary to service our debt, meet contractual payment obligations **, including royalty payments under the License Agreement,** and fund our operations depends on many factors, including our ability to generate sufficient cash flow from operations, maintain adequate availability under our **2023** ~~2018 Revolving Credit Facility or obtain other financing. Our ability to timely service our indebtedness, meet contractual payment obligations and to fund our operations will depend on our ability to generate sufficient cash, either through cash flows from operations, borrowing availability under the 2018~~ Revolving Credit Facility (as defined below) or **obtain other financing. Our ability to timely service our indebtedness, meet contractual payment obligations, including royalty payments under the License Agreement, and to fund our operations will depend on our ability to generate sufficient cash, either through cash flows from operations, borrowing availability under the 2023 Revolving Credit Facility or** other financing. While we expect to ~~maintain~~ **meet our monthly** Excess Availability (as defined in the ~~2018~~ **2023** Revolving Credit Facility Agreement) ~~minimally above the required threshold to meet our monthly Excess Availability~~ covenant and believe that our other sources of liquidity will generate sufficient cash flows to meet our obligations for the next twelve months, the foregoing expectation is dependent on a number of factors, including, among others, our ability to generate sufficient cash flow from operations, our ongoing ability to manage our operating obligations, the results of any future inventory valuations and the potential borrowing restrictions imposed by our lenders based on their credit judgment, which could materially and negatively impact our borrowing capacity, the wind down of the Rebecca Taylor business, as well as macroeconomic factors ~~such as the rising costs and inflationary impacts on our customers, residual effect of the COVID- 19 pandemic and the armed conflict between Ukraine and Russia~~. In the event that we are unable to timely service our debt, meet other contractual payment obligations or fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness before maturity, seek waivers of or amendments to our contractual obligations for payment, reduce or delay scheduled expansions and capital expenditures, liquidate inventory through additional discounting, sell material assets or operations or seek other financing opportunities. There can be no assurance that these options would be readily available to us and our inability to address our liquidity needs could materially and adversely affect our operations and jeopardize our business, financial condition and results of operations, including **a** ~~defaults~~ - **default** under the **2023** ~~Term Loan Facility (as defined below) or the 2018~~ Revolving Credit Facility which could result in all amounts outstanding under **such** ~~those credit facilities~~ **facility** becoming immediately due and payable. Our operations are restricted by our credit facilities. **Our** ~~In August 2018, we entered into an $ 80, 000 senior secured revolving~~ credit facility ~~(the" 2018~~ **contains significant restrictive covenants. The 2023** Revolving Credit Facility **includes** ~~") and a $ 27, 500 senior secured term loan facility (the" 2018 Term Loan Facility"). In November 2019, in connection with the Acquisition, we increased the aggregate commitments under the 2018 Revolving Credit Facility to $ 100, 000 by exercising the accordion feature thereunder. The Acquired Businesses became guarantors under the 2018 Revolving Credit Facility and the 2018 Term Loan Facility and jointly and severally liable for the obligations thereunder. In addition, in December 2020, we entered into a $ 20, 000 subordinated credit facility (the" Third Lien Credit Facility"). In September 2021, we entered into a new $ 35, 000 senior secured term loan facility (the" Term Loan Facility"), the proceeds of which were used to repay in full all outstanding amounts under, and terminate, the 2018 Term Loan Facility. The Acquired Businesses are guarantors under the Term Loan Facility. Our credit facilities contain significant restrictive~~ covenants **that** ~~. These covenants~~ may impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants **significantly** restrict our ability and, if applicable, the ability of our subsidiaries to, among other things: incur additional debt; make certain investments and acquisitions; enter into certain types of transactions with affiliates; use assets as security in other transactions; pay dividends; sell certain assets or merge with or into other companies; guarantee the debt of others; enter into new lines of businesses; make capital expenditures; prepay, redeem, or exchange our debt; and form any joint ventures or subsidiary investments. Our ability to comply with the covenants and other terms of our debt obligations ~~, particularly in light of the COVID- 19 pandemic and the armed conflict between Ukraine and Russia,~~ will depend on our future operating performance. If we fail to comply with such covenants and terms, and are unable to cure such failure under the terms of our credit facilities, if applicable, we would be required to obtain additional waivers from our lenders to maintain compliance with our debt obligations. If we are unable to obtain any necessary waivers and the debt is accelerated, a material adverse effect on our financial condition and future operating performance would likely result. We may ~~be unable to successfully complete the wind down of the Rebecca Taylor business. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. The execution of the wind down is subject to various remaining risks and uncertainties surrounding the actions of customers, vendors and other counterparties, including legal risks associated with the wind down. As a result, we may~~ not be able to **realize** ~~successfully complete~~ the **benefits** ~~wind down~~ of ~~the Rebecca Taylor~~ **our strategic initiatives. Our** business **growth depends on the successful execution of** ~~or~~ **our strategic initiatives** ~~the overall cost~~ of ~~the wind down may exceed~~ our **business. The success of our strategic initiatives depends on a number of factors, including our ability to execute and realize the enhanced profitability** expectations ~~. Furthermore, if we are unable to successfully complete the wind down~~ of ~~the Rebecca Taylor~~ **our planned transformation program, position our retail and e- commerce businesses for further strategic growth, particularly through enhancement of our customer data platform to drive greater loyalty and conversion and capture broader customer base, expand our presence internationally including in Asia and Europe, grow men' s** business **,** ~~or~~ **our ability to properly identify appropriate future growth opportunities, and** ~~the~~ **other** ~~cost exceeds~~ **macroeconomic impacts on** our ~~expectations, the Vince~~ business ~~may be adversely impacted. The COVID- 19 pandemic has adversely affected, and may continue to adversely affect, our business, financial condition, cash flow, liquidity, and results of operations. To date, we have taken various measures in response to the spread of the novel coronavirus (" COVID- 19"), which was declared a pandemic by the World Health Organization in March 2020. However, the COVID- 19 pandemic remains highly volatile and continues to evolve. The negative impact of COVID- 19 on our operations has included the following, among others: • our ability to successfully execute our long- term growth strategy during these uncertain times; • supply chain disruptions resulting from closed factories, reduced workforces and higher labor costs, scarcity of and increased prices for raw materials, scrutiny or embargoing of goods produced in infected areas, disruptions in the global transportation network, such as temporary port closures, and higher freight costs; • declines in the level of consumer purchases of discretionary items and luxury retail products, including our products, caused by lower disposable income levels, increased unemployment, inflation, or other factors beyond our control; • the build- up of excess inventory as a result of store closures and / or lower consumer demand, including those resulting from potential changes in consumer traffic and shopping preferences; • our ability to access capital sources and maintain compliance with our credit facilities, as well as the ability of our key customers, suppliers, and vendors to do the same in regard to their own obligations; • our ability to collect outstanding receivables from our customers; • temporary closures and / or re- closures of our stores, distribution centers, and corporate facilities for unknown periods of time, as well as those of our wholesale partners; • a large portion of our employee population continuing to work remotely, which could increase vulnerability to cyberattacks and other cyber incidents; and • diversion of management and employee attention and resources from key business activities and risk management outside of COVID- 19 response efforts, including cybersecurity and maintenance of internal controls~~. There can be no assurance that ~~measures~~ **the strategic initiatives would produce intended positive results, particularly as** we **adapt** ~~have taken~~ to ~~respond to~~ the ~~COVID- 19 pandemic will~~ **new operational landscape as a result of the Asset Sale and the entry into the License Agreement. If we are unable to realize the benefits of the strategic initiatives, our financial conditions, results of operations and cash flows could be materially and adversely affected. We may be unable to** ~~prove~~ **improve** ~~successful or~~ **our profitability. We expect a negative impact on our operating and net income resulting from the royalty payments under the License Agreement as well as the loss of our footwear and soft accessories licenses as a result of the Asset Sale. We plan to offset such negative impact by driving margin expansion through disciplined cost management and reduced promotional activity, particularly through our transformation program. There is no assurance** that we will be **successful** ~~able to take effective measures against future outbreaks. These and other impacts of COVID- 19 may continue to adversely affect the Company' s business, financial condition, cash flow, liquidity and results of operations. General economic conditions~~ in **implementing this strategy as such** ~~the U. S. and other parts of the world, including a weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns. The~~ success ~~of our operations~~ depends on ~~consumer spending. Consumer spending is impacted by~~ a number of factors , including actual and perceived economic conditions...... 19 pandemic), and catastrophic events , such as ~~war (including the armed conflict between Ukraine and Russia and the related governmental and non-governmental global responses to such conflict), terrorist attacks, civil unrest, and other acts of violence. A worsening of the economy may negatively affect consumer and wholesale purchases of~~ our ~~products~~ **ability to properly identify** and **execute cost management initiatives and macroeconomic factors that** could **impact** ~~have a material adverse effect on~~ our **promotional cadence** ~~business, results of operations and financial conditions~~. If we are unable to ~~accurately forecast~~ **implement the strategy to drive margin expansion, we may not be able to offset the negative impact on our financial results and our profitability may not improve as intended. We may be unable to effectively execute our** customer **strategy** ~~demand for our products, our results of operations could be materially impacted~~. **One of** ~~We stock our stores, and provide inventory to our wholesale partners, based on our or~~ **our strategic priorities is to utilize a customer data platform** ~~their estimates of future demand for particular products. Our inventory management~~ and **marketing strategy from which** ~~planning team determines the number of pieces of each product that~~ we will **be able** ~~order from our manufacturers based upon past sales of similar products, sales trend information and anticipated demand at our suggested retail prices. Our ability~~ to ~~accurately forecast demand~~ **drive customer initiatives underpinned by data and technology, creating improved segmentation and personalization** for ~~our products could be affected by many factors~~ **an enhanced customer experience both domestically and internationally. This will require significant investment in technology and infrastructure, as well as an increased reliance on leveraging micro and macro influencer networks to increase brand awareness and loyalty through social media and the digital dissemination of advertising campaigns. We must keep up to date with other competitive technology trends** , including **the use of innovative technology, creative** ~~an~~ **and attractive user interfaces** ~~increase or decrease in demand for our~~

~~products or for products of our competitors~~ , **and other e- commerce** ~~product introductions by competitors, unanticipated changes in general market~~ **marketing** ~~conditions~~ **tools** such as **paid search and mobile applications, among others, which may increase our costs as well as our exposure to legal and reputational liability for online content, but may not succeed in increasing sales or attracting new customers. Any failure on our part to effectively execute on our strategy to enhance our customers' experience and realize the expected return on our investment in** ~~those~~ **these initiatives could negatively affect sales as well as the reputation of the brands, which could adversely impact our growth and profitability. Our limited operating experience and brand recognition in international markets may delay our expansion strategy and** ~~caused~~ - **cause** ~~by the COVID~~ **our business and growth to suffer. We face risks with respect to our strategy to expand internationally, including our efforts to further expand our business in Asia and Europe through company** - ~~19 pandemic and the~~ **operated locations, wholesale arrangements as well as with international partners. Our current operations** ~~armed~~ -- **are** ~~conflict between Ukraine and Russia~~ **based largely in the U. S.** , ~~and weakening~~ **with international wholesale sales representing approximately 8 %** of ~~economic conditions~~ **net sales** ~~or~~ **for** ~~consumer confidence~~ **fiscal 2023. Therefore, we have a limited number of customers and experience** in ~~future economic conditions~~ **operating outside of the U. S** . We **also do not have extensive experience with regulatory environments and market practices outside of the U. S. and** cannot guarantee that we will be able to ~~match supply representing approximately 8 % of net sales for fiscal 2022.Therefore,we have a limited number of customers and experience in operating outside of the U.S.We also do not have extensive experience with regulatory environments and market practices outside of the U.S.and cannot guarantee that we will be able to~~ penetrate or successfully operate in any market outside of the U.S.Many of these markets also have different operational characteristics,including employment and labor regulations,transportation,logistics,real estate (including lease terms) and local reporting or legal requirements, ~~particularly in light of the COVID- 19 pandemic,~~ and the impact on the international markets remains unclear **.In addition,pursuant to the License Agreement,our exclusive license to operate the Vince brand may be limited by the terms of the License Agreement.Some of the regions in which we currently operate are designated as Option Territories,including the Middle East and Latin America.If Authentic chooses to operate in these Option Territories,we become unable to directly operate in those areas** .In fiscal 2021,we commenced a strategy to expand our international retail and e- commerce presence in China and a select list of neighboring countries in Asia via a joint venture arrangement.We are in the initial stages of establishing this relationship and there can be no guarantee that it will **materialize** ~~be successful~~ .Further,we may face counterparty and / or operational risks as this joint venture arrangement makes us susceptible to the actions of our third- party partner.Our joint venture partner may have views that differ or conflict with **ours** ~~demand in all cases in the future~~ , ~~whether~~ **such** as **the timing of new store openings and the pricing of our products, or our partner may become bankrupt, which may as** a **practical matter subject us to our partner' s liabilities in connection with the joint venture. Although we have sought and generally will seek to maintain sufficient control of any investment to permit our objectives to be achieved, we might not be able to take certain actions without the approval of our partners. Reliance on joint venture relationships and our partners exposes us to increased risk that our joint ventures will not be successful and will** result ~~of~~ **in competitive harm to** the ~~COVID~~ **brand image that could cause our expansion efforts, profitability and results of operations to suffer. One of our strategic initiatives is to focus on our direct** - ~~19 pandemic, our inability~~ to ~~produce sufficient levels of desirable product~~ **- consumer business, which includes opening retail stores in select locations under more favorable and shorter lease terms and operating and maintaining** ~~or~~ **our** ~~our failure to forecast demand accurately~~ **new and existing retail stores successfully** . If we ~~fail~~ **are unable** to ~~accurately forecast customer demand~~ **execute this strategy in a timely manner, or at all, our financial condition and results of operations could be materially and adversely affected. As part of our strategy to increase focus on our direct- to- consumer business** , we ~~on our direct- to- consumer business,we~~ continue to seek retail opportunities in targeted streets or malls with desirable size and adjacencies,typically near luxury retailers that we believe are consistent with our key customers' demographics and shopping preferences,and seek to negotiate more favorable leases including shorter terms.The success of this strategy depends on a number of factors,including the identification of suitable markets and sites,negotiation of acceptable lease terms while securing those favorable locations,including desired term,rent and tenant improvement allowances,and if entering a new market,the timely achievement of brand awareness and proper evaluation of the market particularly for locations with shorter term,affinity and purchase intent in that market,as well as our business condition in funding the opening and operations of stores. ~~Furthermore~~ **In addition,under the License Agreement** ,we **are required** ~~may not be able~~ to maintain ~~the successful operation~~ **a minimum number** of ~~our retail stores if the areas around our existing~~ retail locations ~~undergo~~ **as well as obtain prior approval from ABG Vince with respect to new retail locations which** may **be provided at its sole good faith discretion** ~~experience excess inventory levels or a shortage of products~~ . **We** ~~Inventory levels in excess of customer demand~~ may **be unable to execute this strategy** ~~result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices, which would negatively impact our gross margin,~~ as **intended** ~~was the case in fiscal 2022. Conversely,~~ if **ABG Vince chooses to withhold such approval. Furthermore,** we ~~underestimate customer demand for our products, our manufacturers~~ may not be able to ~~deliver products to meet~~ **maintain the successful operation of our retail stores if the areas around our existing retail locations undergo changes that result in reductions in customer foot traffic** ~~our~~ - ~~of our retail stores if the areas around our existing retail locations undergo changes that result in reductions in customer foot traffic~~ or otherwise render the locations unsuitable,such as economic downturns in the area,changes in demographics and customer preferences,and the closing or decline in popularity of adjacent stores.As of ~~January 28~~ **February 3** , ~~2023~~ **2024** ,we operated ~~67~~ **63** stores,including ~~49~~ **47** company- operated Vince full- price stores and ~~17~~ **15** company- operated Vince outlet stores throughout the United States and one company- operated Vince full price store in the United Kingdom.During fiscal ~~2020~~ **2022** , ~~our retail stores were temporarily closed due~~ **we recorded non- cash asset impairment charges of $ 1,880 within Impairment of long- lived assets on the Consolidated Statements of Operations and Comprehensive Income (Loss) related** to the **impairment of property**

~~COVID- 19 pandemic~~ and ~~related restrictions and requirements~~ - - **equipment** ~~,~~ and ~~this~~ **operating lease right- of- use assets of certain retail stores with carrying values that were determined not to be recoverable and exceeded their fair value. We may in the future record further impairments of these assets. We are subject to risks associated with leasing retail and office space, are historically subject to long- term non- cancelable leases and are required to make substantial lease payments under our operating leases, and any failure to make these lease payments when due** ~~could~~ **would likely** harm our business **,profitability and results** of operations.We do not own any of our stores or our offices,including our New York,Los Angeles or Paris offices and showroom spaces,but instead lease all of such space under operating leases. ~~Although a majority of our leases are subject to shorter terms as a result of the implementation of our strategy to pursue shorter lease terms,we still have some leases with initial terms of 10 years,and generally can be extended only for one additional 5- year term.~~ Substantially all of our leases require a fixed annual rent,and most require the payment of additional rent if store sales exceed a negotiated amount.Most of our leases are ~~"~~ **"** net ~~"~~ **"** leases,which require us to pay the cost of insurance,taxes,maintenance,and utilities **.Some of our leases are subject to initial terms that are as long as 10 years** ,and we generally cannot **cancel these leases solely at our option.Additionally,certain of our leases allow the lessor to terminate the lease if we do not achieve a specified gross sales threshold** . There can be no assurance that we will be able to successfully manage our inventory at a level...... you that we will be able to achieve these required thresholds and in the event we are not able to do so, we may be forced to find an alternative store location and may not be successful in doing so. Any loss of our store locations due to underperformance may harm our results of operations, stock price and reputation. Payments under these leases account for a significant portion of our selling, general and administrative expenses. For example, as of ~~January 28~~ **February 3** , ~~2023~~ **2024** , we were a party to ~~77~~ **67** operating leases associated with our retail stores and our office and showroom spaces requiring future minimum lease payments of $ ~~26~~ **22** , ~~072~~ **006** in the aggregate through fiscal ~~2023~~ **2024** and $ ~~86~~ **84** , ~~851~~ **140** thereafter. Any new retail stores leased by us under operating leases will further increase our operating lease expenses, and some of those stores may require significant capital expenditures. We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our credit facilities or from other sources, we may not be able to service our operating lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business. In addition, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the remaining lease term, even after the space is exited or otherwise closed (such as our temporary store closures resulting from the COVID- 19 pandemic). Such costs and obligations related to the early or temporary closure of our stores or termination of our leases could have a material adverse effect on our business, results of operations, and financial condition. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among others, paying the base rent for the balance of the lease term if we cannot negotiate a mutually acceptable termination payment. In ~~addition~~ **fiscal 2024** , ~~as~~ **15 of our existing store leases will expire, many for which we have already extended or secured an alternative location. As** our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, or to find a suitable alternative location, which could cause us to close stores in desirable locations or in the case of office leases, incur costs in relocating our office space ~~. In fiscal 2023, sixteen (16) of our existing store leases will expire~~ . A substantial portion of our revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce our total revenue. We historically had and continue to have a small number of wholesale partners who account for a significant portion of our net sales. Our consolidated net sales to the full- price, off- price and e- commerce operations of our largest wholesale partner comprised ~~16~~ **20** % of our total revenue for fiscal ~~2022~~ **2023** . We do not have formal written agreements with any of our wholesale partners and purchases generally occur on an order- by- order basis. A decision by any of our major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us ~~or our licensing partners~~ , or to change their manner of doing business with us ~~or our licensing partners~~ , could substantially reduce our revenue and have a material adverse effect on our profitability. ~~Furthermore~~ **In addition** , due to the concentration of and / or ownership changes in our wholesale partner base, our results of operations could be adversely affected if any of these wholesale partners fails to satisfy its payment obligations to us when due or no longer takes part in the distribution arrangements. These changes could also decrease our opportunities in the market and decrease our negotiating strength with our wholesale partners. Furthermore, **under the License Agreement, ABG Vince may remove any customer account that was pre- approved at the time of the closing of the Asset Sale if it believes using its good faith, commercially reasonable judgment, that such account is no longer consistent with the brand positioning for the Licensed Property** ~~our~~ **or reject at its sole good faith discretion any new customer account we submit for its approval. If we lose any of our existing** wholesale partners ~~have been~~ **as a result of ABG Vince' s decision to remove them, or if we are unable to expand our wholesale partnership or any addition of new wholesale partners is rejected by ABG Vince, our results of operations could be** significantly **and negatively** impacted ~~by the COVID- 19 pandemic, along with other wholesalers, and may become unable to continue business with us as they had pre- pandemic~~ . These factors could have a material adverse effect on our business, financial condition, and operating results ~~by a number of factors~~ ,including actual and perceived economic conditions affecting disposable consumer income,customer traffic within shopping and selling environments,business conditions,interest rates and availability of credit and tax rates in the general economy and in the international,regional and local markets in which our products are sold,including those resulting from inflation and other macroeconomic pressures in the United States and the global economy (including rising interest rates,fears of recession and continued market volatility and instability in the banking sector),health epidemics or pandemics ~~,climate change~~ **(including the COVID- 19 pandemic)** ,and catastrophic events . We have identified a material weakness in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements. **A** ~~In fiscal 2022 a~~ material weakness continued to exist relating to our internal control over financial reporting which was previously identified in fiscal 2016. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of an entity' s financial statements will not be prevented or detected on a timely basis. **The** ~~As further described in Part II, Item 9A in this Annual Report, the~~ material weakness will not be remediated until all necessary internal controls have been implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address such material weakness or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our consolidated financial statements. Moreover, ~~although no additional material weakness was identified in fiscal 2022,~~ other material weaknesses or deficiencies may develop or be identified in the future. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and otherwise materially and adversely impact our business and financial condition. For so long as we remain a" non- accelerated filer" under the rules of the ~~SEC~~ **Securities and Exchange Commission** , our independent registered public accounting firm is not required to deliver an annual attestation report on the effectiveness of our internal control over financial reporting. We will cease to be a non- accelerated filer if either (i) the aggregate market value of our outstanding common stock held by non- affiliates as of the last business day of our most recently completed second fiscal quarter (our" public float") is $ 75, 000 or more and our annual revenues for the most recently completed fiscal year are $ 100, 000 or more or (ii) our public float is $ 700, 000 or more, in which case we would become subject to the requirement for an annual attestation report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. Failure to comply with laws and regulations could adversely impact our business. We are subject to numerous domestic and international laws, regulations and advisories, including labor and employment, **environmental,** wage and hour, customs, truth- in- advertising, consumer protection, data and privacy protection, and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were violated by our management, employees, vendors, independent manufacturers or partners, the costs of certain goods could increase, or we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations **. In addition we are subject to laws and regulations related to us being a public company, including the rules and regulations of the SEC and the NYSE. Any violation of or not meeting compliance standards under such laws and regulations could impact our status as a public company, including our ability to continue being listed on the NYSE** . Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to us. **Increased scrutiny from investors, regulators and others regarding our approach to sustainability matters and environmental, social and governance (“ ESG ”) practices could result in additional costs or risks that adversely impact our business operations, including our reputation and our financial results. Increasingly, regulators, customers, investors, employees and other stakeholders are focusing on sustainability matters and ESG practices and related disclosures. The emergence of new and more stringent legislation, regulation and oversight related to sustainability and ESG practices (such as the marketing of goods and business practices, and corresponding mandatory and voluntary public reporting and disclosures related to such practices, including the SEC’ s recent climate- related reporting requirements) are likely to result in increased costs and expenses and increased management time and attention spent monitoring, complying with or meeting sustainability and ESG- related requirements and expectations, which could impact our business operations, including our financial results. For example, developing and acting on sustainability and ESG- related initiatives, including design, sourcing and operations decisions, and collecting, measuring and reporting related data and metrics can be costly, difficult and time- consuming. Furthermore, the Company’ s approach to sustainability matters and ESG practices may be based on assumptions and standards for measuring progress that are still evolving, internal controls and processes that are developing, and reporting standards that may be subject to change in the future. Failure or perceived failure to adapt to or sufficiently comply with evolving or expanding regulatory requirements or stakeholder expectations and standards could further increase costs and expenses, including through potential regulatory enforcement and consumer actions, and could negatively impact the Company’ s reputation, consumer patronage and, in turn, our results of operations.** Intense competition in the apparel and fashion industry could reduce our sales and profitability. As a fashion company, we face intense competition from other domestic and foreign apparel, footwear and accessories manufacturers and retailers. Competition has and may continue to result in pricing pressures, reduced profit margins, lost market share or failure to grow our market share, any of which could substantially harm our business and results of operations. Some of our competitors have more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. These capabilities of our competitors may allow one or more of them to better withstand downturns in the economy or apparel and fashion industry. Any increased competition, or our failure to adequately address any of these competitive factors which we have seen from time to time, could result in reduced sales, which could adversely affect our business, financial condition, and operating results. Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure and cause the sales environment to be more promotional, as it has been in recent years, impacting our financial results. For instance, we operated through a highly promotional sales environment during fiscal 2022 which had a negative impact on our operating results. If promotional pressure remains intense, either through actions of our competitors or through customer expectations, this may cause a further reduction in our sales and gross margins and could have a material adverse effect on our business, financial condition and operating results **. We may not successfully manage the transition associated with the appointment of the Interim Chief Executive Officer, and a permanent Chief Executive Officer when identified, which could have an adverse impact on us. On March 26, 2024, Jonathan Schwefel resigned from his positions as Chief Executive Officer of the Company and member of the Board. In connection with Mr. Schwefel' s resignation, the Board appointed David Stefko, a current member of the Board and former Chief Financial Officer of the Company, to serve as our Interim Chief Executive Officer. The Board is in the process of identifying a permanent Chief Executive Officer. The effectiveness of our Interim Chief Executive Officer and our senior leadership team generally, following the transition, and the transition to the permanent Chief Executive Officer when identified, could have a significant impact on our ability to operate the business effectively. The failure to ensure a smooth transition, including required knowledge transfers, could negatively affect our results of operations and financial condition as well as our ability to execute our business strategies** . If we lose any key personnel, are unable to attract key personnel, or assimilate and retain our key personnel, we may not be able to successfully operate or grow our business. Our continued success is dependent on our ability to attract, assimilate, retain, and motivate qualified management, designers, administrative talent, and sales associates to support existing operations and future growth. Competition for qualified talent in the apparel and fashion industry is intense, and we compete for these individuals with other companies that in many cases have greater financial and other resources. The loss of the services of any members of senior management or board of directors or the inability to attract and retain qualified executives or members of our board of directors could have a material adverse effect on our business, results of operations and financial condition. In addition, we will need to continue to attract, assimilate, retain, and motivate highly talented employees with a range of other skills and experience. Competition for employees in our industry, especially at the store management levels, is intense and we may from time to time experience difficulty in retaining our associates or attracting the additional talent necessary to support the growth of our business. We will also need to attract, assimilate, and retain other professionals across a range of disciplines, including design, production, sourcing, and international business, as we develop new product categories and continue to expand our international presence. Our operating results may be subject to seasonal and quarterly variations in our net revenue and income from operations. The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates, consumer confidence as well as the impact from adverse weather conditions. In addition, fluctuations in the amount of sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct- to- consumer sales; as such, the financial results for any particular quarter may not be indicative of results for the fiscal year. Any future seasonal or quarterly fluctuations in our results of operations may not match the expectations of market analysts and investors to assess the longer- term profitability and strength of our business at any particular point, which could lead to increased volatility in our stock price. Our goodwill ~~and indefinite- lived intangible assets~~ could become further impaired, which may require us to take significant non- cash charges against earnings. In accordance with Financial Accounting Standards Board ASC Topic 350 Intangibles- Goodwill and Other (" ASC 350"), goodwill **is** ~~and other indefinite- lived intangible assets are~~ tested for impairment at least annually ~~during the fourth fiscal quarter~~ and in an interim period if a triggering event occurs. Determining the fair value of goodwill ~~and indefinite- lived intangible assets~~ is judgmental in nature and requires the use of significant estimates and assumptions, including **estimates of** projected revenues, EBITDA margins, long- term growth rates, working capital ~~,~~ **and** discount rates ~~and future market conditions~~ , among others. We base our estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates. ~~During the second quarter of fiscal 2022, the Company recorded $ 1, 700 of impairment charges relating to the Rebecca Taylor tradename. During the first quarter of fiscal 2020, the Company recorded $ 13, 848 of impairment charges relating to goodwill and the tradename intangible assets due to the impact of the COVID- 19 pandemic.~~ It is possible that our current estimates of future operating results could change adversely and impact the evaluation of the recoverability of the remaining carrying value of goodwill **,** ~~and intangible assets and that~~ the ~~effect~~ **impact** of **which** ~~such changes~~ could be material. There can be no assurances that we will not be required to record further charges in our financial statements, which would negatively impact our results of operations during the period in which any impairment of our goodwill ~~or intangible assets~~ is determined . We may not be able to...... suffer and our business may be harmed . Our competitive position could suffer if ~~our~~ **the** intellectual property rights **relating to the Vince brand** are not protected. **As a result** ~~We believe that our trademarks and designs are~~ of ~~great value. From time to time, third parties have challenged, and may in the future try to challenge, our ownership of our intellectual property. The actions we have taken to establish and protect our trademarks and other~~ -- **the Asset Sale, the** intellectual property rights **relating to the Vince brand will be protected and enforced by Authentic and we have no control over their actions to do so. If Authentic does not protect the intellectual property rights of the Vince brand, we may become unable to operate our business as intended, which could harm our business and cause our results of operations, liquidity, and financial condition to suffer. We may be unable to successfully complete the wind down of the Rebecca Taylor business. On September 12, 2022, the Company announced its decision to wind down the Rebecca Taylor business. On December 22, 2022, the Company' s indirectly wholly owned subsidiary, Rebecca Taylor, Inc., completed the sale of its intellectual property and certain related ancillary assets to RT IPCO, LLC, an affiliate of Ramani Group. Substantially all Rebecca Taylor inventory was liquidated as of January 28, 2023. All Rebecca Taylor retail and outlet stores operated by the Company were closed as of January 28, 2023 and the e-**

commerce site operated by the Company ceased in December 2022. On July 7, 2023, Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC, each as an assignor, made a General Assignment for the Benefit of the Creditors (the" Assignment") to a respective assignee, an unaffiliated California limited liability company, pursuant to California state law. The Assignment resulted in the residual rights and assets of each of Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC being assigned and transferred to such assignees. As a result, Rebecca Taylor, Inc. and Rebecca Taylor Retail Stores, LLC no longer hold any assets. The execution of the wind down is subject to various remaining risks and uncertainties surrounding the actions of customers, vendors and other counterparties, including legal risks associated with the wind down. As a result, we may not be ~~adequate~~ **able** to ~~prevent imitation~~ **successfully complete the wind down** of **the Rebecca Taylor business** ~~our~~ - **or** ~~products by others or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of~~ the **overall cost** ~~trademarks and intellectual property rights~~ of ~~others. We~~ **the wind down** may **exceed** ~~need to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of resources. On the other hand, successful infringement claims against us could result in significant monetary liability, prevent us from selling some of our products or~~ **our expectations** ~~force us to redesign our products~~ . **Furthermore** ~~In addition~~ , **if** we **are** ~~rely on cooperation from third parties with similar trademarks to be able~~ **unable** to **successfully complete** ~~register our trademarks in jurisdictions in which such third parties have already registered their~~ -- **the wind down** ~~trademarks. Any~~ of ~~these~~ -- **the Rebecca Taylor** ~~events could harm our~~ business ~~and cause our~~ - **or** ~~results of operations, liquidity, and financial condition to suffer. Our current and future licensing arrangements may not be successful and may make us susceptible to~~ the **cost exceeds our expectations, the** ~~actions of third parties over whom we have limited control. We currently have product licensing agreements for~~ Vince ~~women' s footwear and men' s footwear and women' s and men' s soft accessories and cold weather goods. Our partners may fail to fulfill their obligations under these agreements and the risks applicable to the businesses~~ -- **business** ~~of our partners~~ may be ~~different than the risks applicable to our business, including risks associated with each such partner' s ability to obtain capital, exercise operational and financial control over its business, manage its labor relations, maintain relationships with suppliers and customers and manage credit and bankruptcy risks, which may be exacerbated by the impact of COVID- 19 and the armed conflict between Ukraine and Russia. Any failure of our licensing arrangements may result in loss of revenue and competitive harm to our operations in regions or product categories where we have entered into such licensing arrangements. In addition, we license our Vince website domain name from a third- party, renewing on an annual basis. Although the licensor has no termination rights under the domain license agreement, any failure by the licensor to perform its obligations thereunder could materially and~~ adversely ~~impact~~ **impacted** ~~our operations of our website and our e-commerce business~~ . System or data security issues, such as cyber or malware attacks, as well as other major system failures could disrupt our internal operations or information technology services, and any such disruption could negatively impact our net sales, increase our expenses and harm our reputation. From time to time, we are subject to system or data security problems, including viruses and bugs as well as security issues created by third- party software and applications, employee errors and malfeasance and other various causes. None of these incidents has resulted in any data or information breaches or any other material impact to our financial results. There is no assurance, however, that we would not be subject to material security problems in the future, including cyber or malware attacks, including as an indirect result of the armed ~~conflict~~ **conflicts** between Ukraine and Russia **and in the Middle East** , and we could incur significant expenses or disruptions of our operations in connection with resulting system failures or data and information breaches. The increased use of smartphones, tablets, and other wireless devices, as well as the **hybrid and remote** ~~continued need for a substantial portion of our corporate employees to~~ work **environments** ~~remotely during the COVID- 19 pandemic,~~ may also heighten these and other operational risks. The costs to us to eliminate or alleviate security problems, viruses and bugs could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may **impact our reputation and / or** impede our sales, distribution or other critical functions. Furthermore, any security issues that involve the compromise of personal information of our customers or employees could subject us to litigation and / or penalties and harm our reputation, materially and adversely affecting our business and growth. We also do not control our third- party service providers and cannot guarantee that no electronic or physical computer break- ins and security breaches will occur in the future **, nor can we guarantee that any loss we experience can be recovered from such third- party service providers** . Lastly, in the case of a disaster affecting our information technology systems, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support our operations and other breakdowns in normal communication and operating procedures that could materially and adversely affect our financial condition and results of operations. We are continuing to adopt, optimize and improve our information technology systems, processes, and functions. If these systems, processes, and functions do not operate successfully, our business, financial condition, results of operations and cash flows could be materially harmed. We continue to optimize and improve our information technology environment. For example, in fiscal 2022, we completed the implementation of a customer data platform and the front- end re- platforming of our Vince e- commerce website and in fiscal 2021, we completed the roll- out of a new POS system for the Vince brand. We plan to progress these strategies, including investing in customer facing technologies to further expand our omni- channel capabilities and to further consolidate systems over time to create operational efficiencies and to achieve a common platform across the Company. If we fail in our efforts to continue adopting, optimizing and improving these systems, processes and functions as currently planned, we could incur further disruptions to our business and operations, including lost e- commerce sales, a negative mobile experience for our customers, deficiencies or weaknesses in our internal controls, as well as additional costs to replace those systems and functions. Failure to comply with privacy - related obligations, including privacy laws and regulations in the U. S. and internationally as well as other legal obligations, could materially adversely affect our business. A variety of laws and regulations, in the U. S. and internationally, govern the collection, use, retention, sharing, transfer and security of personally identifiable information and data, including the European Union' s General Data Protection Regulation (" GDPR"), which became effective during fiscal 2018, the California Consumer Privacy Act of 2018 (" CCPA"), which became effective on January 1, 2020 and the California Privacy Rights Act of 2020 (" CPRA"), which became effective January 1, 2023. Since the enactment of the CCPA and CPRA, data security laws have been proposed in more than half of the U. S. states and in the U. S. Congress, reflecting a trend toward more stringent privacy legislation in the U. S. 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. It is possible that these laws, rules and regulations, which evolve frequently and may be inconsistent from one jurisdiction to another, could be interpreted to conflict with our practices. In addition to the costs of compliance with and other burdens imposed by privacy and data security laws and regulations, any failure or perceived failure by us or any third parties with whom 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, could damage our reputation and could adversely affect our business and operating results. Risks Related to Our Supply Chain Problems with our distribution process could materially harm our ability to meet customer expectations, manage inventory, complete sale transactions, and achieve targeted operating efficiencies. In the U. S., we rely on a distribution facility operated by a third- party logistics provider in California. Our ability to meet the needs of our wholesale partners and our own direct- to-consumer business depends on the proper operation of this distribution facility. Because substantially all of our products are distributed from one state, our operations could be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters and health crises **and** ~~, such as the COVID- 19 pandemic~~ **pandemics** , at or near such facility. For example, a majority of our ocean shipments go through the ports in California, which had previously been subject to significant processing delays due to COVID- 19 as well as a prior blockage in the Suez Canal, resulting not only in shipment disruptions but also in significantly increased freight costs. We also have warehouses overseas, including in Hong Kong and Belgium, operated by third- party logistics providers, supporting our wholesale orders for customers located primarily in the nearby regions. Disruptions at any of these facilities located outside the U. S. (including disruptions related to ~~COVID- 19 and~~ the armed conflict between Ukraine and Russia **and in the Middle East**) could also materially and negatively impact our business. We maintain business interruption insurance. These policies, however, may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system. If we encounter problems with any of our distribution processes, our ability to meet customer expectations, manage inventory, complete sales, and achieve targeted operating efficiencies could be harmed. Any of the foregoing factors could have a material adverse effect on our business, financial condition, and operating results. Fluctuations in the price, availability and quality of raw materials could cause delays and increase costs and cause our operating results and financial condition to suffer. Fluctuations in the price, availability and quality of the fabrics or other raw materials, particularly cotton, silk, leather and synthetics used in our manufactured apparel, could have a material adverse effect on cost of sales or our ability to meet customer demands. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in our apparel may fluctuate significantly, depending on many factors, including crop yields, weather patterns, labor costs and changes in oil prices as well as other economic factors, such as those related to the ~~COVID- 19 pandemic and the~~ armed conflict between Ukraine and Russia **and in the Middle East** . We may not be able to create suitable design solutions that utilize raw materials with attractive prices or, alternatively, to pass higher raw materials prices and related transportation costs on to our customers. We are not always successful in our efforts to protect our business from the volatility of the market price of raw materials, and our business can be materially affected by dramatic movements in prices of raw materials. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in raw materials prices on industry selling prices are uncertain, but any significant increase in these prices could have a material adverse effect on our business, financial condition and operating results. The extent of our foreign sourcing may adversely affect our business. In fiscal ~~2022~~ **2023** we worked with more than ~~40~~ **25** manufacturers across ~~13~~ **10** countries, with ~~82~~ **79** % of our products produced in China throughout fiscal ~~2022~~ **2023** . A manufacturing contractor' s failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our customers for those items. The failure to make timely deliveries may cause customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could have a material adverse effect on us. As a result of the magnitude of our foreign sourcing, our business is subject to the following risks: • political and economic instability in countries or regions, especially Asia and in connection with ~~the~~ armed conflict **(such as conflicts** between Ukraine and Russia **and in the Middle East)** , including heightened terrorism, diplomatic and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays in deliveries or impoundment of goods; • imposition of regulations, quotas and other trade restrictions relating to imports, including the additional tariffs and bans imposed on certain imports from China (such as those imposed by the Uyghur Forced Labor Prevention Act), as well as other quotas imposed by bilateral textile agreements between the U. S. and foreign countries from time to time; • currency exchange rates; • imposition of increased duties, taxes, tariffs and other charges on imports; • increases in the costs of fuel, travel and transportation, both related and unrelated to the ~~COVID- 19 pandemic and the~~ armed conflict between Ukraine and Russia **and in the Middle East** , and demand for freight services at a time of reduced ocean freight capacity; • disease epidemics and health- related concerns ~~, including the COVID- 19 pandemic~~ , which could result in travel restrictions, closed factories, reduced workforces and higher labor costs, scarcity of and increased prices for raw materials and scrutiny or embargoing of goods produced in infected areas; • labor union strikes at ports through which our products enter the U. S.; • labor shortages in countries where contractors and suppliers are located; • restrictions on the transfer of funds to or from foreign countries; • the migration and development of manufacturing contractors, which could affect where our products are or are planned to be produced; • reduced manufacturing flexibility because of geographic distance between our foreign manufacturers and us, increasing the risk that we may have to mark down unsold inventory as a result of misjudging the market for a foreign- made product; and • violations by foreign contractors of labor and wage standards and resulting adverse publicity. If these risks limit or prevent us from manufacturing products in any significant international market, prevent us from acquiring products from foreign suppliers, or significantly increase the cost of our products, our operations could be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively and significantly impact our business. While we may be able to shift our sourcing options to avoid any negative macroenvironmental impact of a particular region such as China, executing such a shift would be time consuming and would be difficult or impracticable for many products and may result in an increase in our manufacturing costs and / or may negatively impact the quality of our products. Any increase in the prices of our products and / or decline in the quality of our products could in turn negatively impact the demand for our products. Our reliance on independent manufacturers could cause delays or quality issues which could damage customer relationships. We use independent manufacturers to assemble or produce all of our products, whether inside or outside the U. S. We are dependent on the ability of these independent manufacturers to adequately finance the production of goods ordered and maintain sufficient manufacturing capacity. Because we do not control these independent manufacturers, they may not continue to provide products that are consistent with our standards. We receive from time to time shipments of product that fail to conform to our quality control standards or products that are damaged during shipment as they were not properly packed. Failures such as these in our quality control program may result in diminished product quality, which in turn may result in increased order cancellations and returns, decreased consumer demand for our products, or product recalls, any of which may have a material adverse effect on our results of operations and financial condition. In addition, products that fail to meet our standards, or other unauthorized products, could end up in the marketplace without our knowledge. This could materially harm our brand and our reputation in the marketplace. We generally do not have long- term written agreements with any independent manufacturers. As a result, any single manufacturing contractor could unilaterally terminate its relationship with us at any time **or attempt to change historical terms of engagement, such as demanding accelerated payment terms, all and any of such actions by a manufacturing contractor could disrupt our supply chain strategies and our operations** . Our top five manufacturers accounted for the production of approximately ~~55~~ **54** % of our finished products during fiscal ~~2022~~ **2023** . Supply disruptions from these manufacturers (or any of our other manufacturers) could have a material adverse effect on our ability to meet customer demands if we are unable to source suitable replacement materials at acceptable prices or at all. Moreover, alternative manufacturers, if available, may not be able to provide us with products or services of a comparable quality, at an acceptable price or on a timely basis. We may also, from time to time, make a decision to enter into a relationship with a new manufacturer. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other responsible and / or ethical business practices. There can be no assurance that there will not be a disruption in the supply of our products from independent manufacturers or that any new manufacturer will be successful in producing our products in a manner we expected. ~~During fiscal 2017, certain manufacturers demanded accelerated payment terms or prepayments as a condition to delivering finished goods to us, which required us to take various steps to address those requests to avoid disruptions in product deliveries and to return to normal terms. There can be no assurance that such demands would not recur in the future.~~ If our independent manufacturers fail to use ethical business practices and comply with applicable laws and regulations, our **business** ~~brand images~~ could be harmed due to negative publicity. We have established operating guidelines which promote responsible and ethical business practices such as fair wage practices, compliance with child labor laws and other local laws. While we monitor compliance with those guidelines, we do not control our independent manufacturers or their business practices. Accordingly, we cannot guarantee their compliance with our guidelines. From time to time, our audit results have revealed a lack of compliance in certain respects, including with respect to local labor, safety, and environmental laws. Other fashion companies have faced criticism after highly publicized incidents or compliance issues have occurred or been exposed at factories producing their products. To the extent our manufacturers do not bring their operations into compliance with such laws or resolve material issues identified in any of our audit results, we may face similar criticism and negative publicity. In addition, other fashion companies have encountered organized boycotts of their products in such situations. If we, or other companies in our industry, encounter similar problems in the future, it could harm our **business** ~~brand images~~ , stock price and results of operations. In addition, a lack of demonstrated compliance by our suppliers could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations. Furthermore, expectations of ethical business practices continually evolve, may be substantially more demanding than applicable legal requirements and are driven in part by legal developments and by diverse groups active in publicizing and organizing public responses to perceived ethical shortcomings. Accordingly, we cannot predict how expectations of ethical business practices might develop in the future and cannot be certain that our guidelines would satisfy all parties who are active in monitoring and publicizing perceived shortcomings in labor and other business practices worldwide. Risks Related to Our Structure and Ownership We are a" controlled company," controlled by investment funds advised by affiliates of Sun Capital, whose interests in our business may be different from yours. Affiliates of Sun Capital owned approximately ~~69~~ **68** % of our outstanding common stock as of March 31, ~~2023~~ **2024** . As such, affiliates of Sun Capital will, for the foreseeable future, have significant influence over our reporting and corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. For so long as affiliates of Sun Capital own 30 % or more of our outstanding shares of common stock, Sun Cardinal, LLC, an affiliate of Sun Capital, will have the right to designate a majority of our board of directors. Affiliates of Sun Capital control actions to be taken by us, our board of directors and our stockholders, including amendments to our amended and restated certificate of incorporation and amended and restated bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors designated by affiliates of Sun Capital have the authority, subject to the terms of our indebtedness and the rules and regulations of the New York Stock Exchange (the" NYSE"), to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. Our amended and restated certificate of incorporation provides that the doctrine of" corporate opportunity" does not apply to Sun Capital or its affiliates, or any of our directors who are associates of, or affiliated with, Sun Capital, in a manner that would prohibit them from investing in competing businesses or doing business with our partners or customers. It is possible that the interests of Sun Capital and its affiliates may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, Sun Capital may have different tax positions from other stockholders, which could influence their decisions regarding whether and when we should dispose of assets and whether and when we should incur new or refinance existing indebtedness. We are a" smaller reporting company" and intend to avail ourselves of reduced disclosure requirements applicable to smaller reporting companies, which could make our common stock less attractive to investors. We are a" smaller reporting company," as defined in the Exchange Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not" smaller reporting companies," including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We intend to take advantage of these reporting exemptions until we are no longer a" smaller reporting company." We will remain a" smaller reporting company" until the aggregate market value of our outstanding common stock held by non- affiliates as of the last business day of our most recently completed second fiscal quarter is $ 250, 000 or more and annual revenue as of our most recently completed fiscal year is $ 100, 000 or more, or the aggregate market value of our outstanding common stock held by non- affiliates as of the last business day of our most recently completed second fiscal quarter is $ 700, 000 or more, regardless of annual revenue.