Risk Factors Comparison 2024-04-19 to 2023-04-17 Form: 10-K

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Our business is subject to a number of risks, which include, but are not limited to, risks related to: ● our limited amount of cash; ● our concentration of revenue with a limited number of licensees; ● restrictions related to certain key licensing agreements; ● conducting operations through joint ventures and our dependence on the joint ventures; ● our dependency upon our spokespersons; ● the operational performance and / or strategic initiatives of our licensees and retail partners; ● continued market acceptance of our brands and products; ● the use of social media and influencers to market brands and products; ● changing consumer preferences and shifting industry trends; ● execution of our growth strategy, including the acquisition of new brands; ● our dependency on our Chief Executive Officer and other key executives; ● intense competition in the apparel, fashion, and jewelry industries, and within our licensees' markets ~~; ● product sourcing, including our arrangements with foreign suppliers, supply and logistics considerations, and our dependency on independent manufacturers~~ ; and ● protection of our trademarks and other intellectual property rights. An investment in our securities is subject to a number of risks, which include, but are not limited to, risks related to: ● management' s significant control over matters requiring shareholder approval; ● potential difficulty in liquidating an investment in shares of our common stock; ● the potential impact of SEC " penny stock " rules on trading of our shares of our common stock; ● declines of and volatility in the market price of our common stock; ● the potential issuance of a substantial number of shares of common stock upon exercise of warrants and options; ● the potential impact of Rule 144 restrictions on our shares of common stock as a former shell company; ● our intent to not pay any cash dividends for the foreseeable future; and ● provisions of our corporate charter documents which could delay or prevent change of control. We are also subject to general risks, which include, but are not limited to, risks related to: ● a pandemic or outbreak of disease or similar public health threat, or fear of such an event; ● supply chain disruptions; ● the Ukrainian- Russian conflict; ● a decline in general economic conditions or consumer spending levels; ● inflation and / or a potential recession; ● extreme or unseasonable weather conditions; ● potential impairment of our trademarks and other intangible assets under accounting guidelines; ● changes in our effective tax rates or adverse outcomes resulting from examination of our tax returns; ● maintenance and security of our information technology systems; ● changes in laws and regulations; ● maintaining an effective system of internal control; and ● limitations on liabilities of our directors and executive officers. Risks Related to Our BusinessWe have a limited amount of cash to grow our operations. If we cannot obtain additional sources of cash, our growth prospects and future profitability may be materially adversely affected, and we may not be able to implement our business plan. Such additional financing may not be available on satisfactory terms or it may not be available when needed, or at all. As of December 31, ~~2022~~ **2023** , we had cash and cash equivalents of approximately $ ~~4~~ **3** . ~~6~~ **0** million, and during the year ended December 31, ~~2022~~ **2023** , we used $ ~~14~~ **6** . ~~2~~ **5** million of cash in operating activities **. On March 19, 2024, we closed on a public offering and private placement of our common stock, which resulted in aggregate net proceeds to us of approximately $ 2. 0 million** . Although we believe that our ~~existing~~ **current levels of** cash and our anticipated cash flow from operations will be sufficient to sustain our operations at our current expense levels for at least twelve months subsequent to the date of the filing of this Annual Report on Form 10- K, we may require significant additional cash to satisfy our working capital requirements, expand our operations **,** or acquire and develop additional brands. Our inability to finance our growth, either internally through our operations or externally, may limit our growth potential and our ability to execute our business strategy successfully. If we issue **additional** securities to raise capital to finance operations and / or pay down or restructure our debt, our existing stockholders may experience dilution. In addition, the new securities may have rights senior to those of our common stock. 14A substantial portion of our ~~net licensing~~ revenue is concentrated with a limited number of licensees such that the loss of any of such licensees could decrease our revenue and impair our cash flows. A substantial portion of our ~~net licensing~~ revenue has been paid by Qurate, through the respective agreements with Qurate through QVC and HSN. During the years ended December 31, **2023 and** 2022 ~~and 2021~~ , Qurate accounted for approximately **34 % and** 44 ~~% and 50~~ %, respectively, of our total net revenue. Because we are dependent on these agreements with Qurate for a significant portion of our revenues, if Qurate were to have financial difficulties, or if Qurate decides not to renew or extend its existing agreements with us, our revenue and cash flows could be reduced substantially. Our cash flow would also be significantly impacted if there were significant delays in our collection of receivables from Qurate. Additionally, we have limited control over the programming that Qurate devotes to our brands or its promotional sales with our brands (such as " Today' s Special Value " sales). **If** Qurate ~~has reduced the programming time it devotes to jewelry and, accordingly, also to our Ripka brand, and if Qurate further~~ reduces or modifies its programming or promotional sales related to our brands, our revenues and cash flows could be reduced substantially. In order to increase sales of a brand through Qurate, we generally require additional television programming time dedicated to the brand by Qurate. Qurate is not required to devote any minimum amount of programming time for any of our brands. **Our** ~~While our business with Qurate has grown since we first launched one of our brands on QVC, our~~ Qurate revenues **have** declined ~~from~~ **since** 2021 ~~to 2022~~ , ~~as a result of the May 31, 2022 sale of a controlling interest of the Isaac Mizrahi brand~~ -- **and** ~~through the sale of a 70 % interest in IM Topco, LLC. There~~ **there** can be no guarantee that our Qurate revenues will grow in the future or that they will not decline further. Additionally, there can be no assurance that our other licensees will be able to generate sales of products under our brands or grow their existing sales of products under our brands, and if they do generate sales, there is no guarantee that they will not cause a decline in sales of products being sold through Qurate. Our agreements with Qurate restrict us from selling products under our brands with certain retailers, or branded products we sell on Qurate to any other retailer except certain interactive television channels in other territories approved by Qurate, and provides

Qurate with a right to terminate the respective agreement if we breach these provisions. Although most of our licenses and our Qurate Agreements prohibit the sale of products under our brands to retailers who are restricted by Qurate, and our license agreements with other interactive television companies prohibit such licensees from selling products to retailers restricted by Qurate under the brands we sell on Qurate outside of certain approved territories, one or more of our licensees could sell to a restricted retailer or territory, putting us in breach of our agreements with Qurate and exposing us to potential termination by Qurate. A breach of any of these agreements could also result in Qurate seeking monetary damages, seeking an injunction against us and our other licensees, reducing the programming time allocated to our brands, and / or terminating the respective agreement, which could have a material adverse effect on our net income and cash flows. We ~~have recently begun to~~ conduct certain of our operations through ~~a~~ joint ~~venture~~ **ventures** . Joint ventures could fail to meet our expectations or cease to deliver anticipated benefits. There could also be disagreements with our joint venture partners that could adversely affect our interest a joint venture. **We** ~~In May 2022, we sold~~ **hold** a **30** ~~majority interest in Isaac Mizrachi brand through the sale of a 70~~ % interest in **each of** IM Topco, LLC **and ORME** . We may enter into additional joint ventures in the future. Our operating results are, in part, dependent upon the performance of IM Topco, LLC and **ORME, and** , in the future, could also be dependent in part upon the performance of future joint ventures. Joint ventures involve numerous risks, and could fail to meet our initial or ongoing expectations. ~~We~~ **While we** provide certain services to IM Topco, LLC and may provide services to future joint ventures, ~~but~~ we do not control the day- to- day operations of IM Topco, LLC **or ORME,** and may not control the day- to- day operations of future joint ventures. The anticipated synergies or other benefits of a joint venture may fail to materialize due to changing business conditions or changes in our business priorities or those of our joint venture partners. Our joint venture partners, as well as any future partners, may have interests that are different from our interests that may result in conflicting views as to the conduct of the business or future direction of the joint venture. In the event that we have a disagreement with a joint venture partner with respect to a particular issue to come before the joint venture, or as to the management or conduct of the business of the joint venture, we may not be able to resolve such disagreement in our favor. Any such disagreement could have a material adverse effect on our interest in the joint venture, the business of the joint venture, or the portion of our growth strategy related to the joint venture. 15We are dependent on our joint ventures to provide timely and accurate information about their sales and operations, which we rely upon to effectively manage their brands. IM Topco, LLC ~~is~~ **and ORME are** , and we expect **any** future joint ventures will be, contractually obligated to provide timely and accurate information regarding their sales and operations. We rely on this information to prepare our consolidated financial statements. Any delay in reporting reduces our visibility into the results of operations for IM Topco, LLC and any future joint ventures, and our inability to collect timely and accurate information may affect our ability to timely complete our financial statements and timely file reports and other information with the SEC and may adversely affect our business and results of operations. We are dependent upon the promotional services of Lori Goldstein and our other spokespersons as they relate to our respective brands. If we lose the services of Lori Goldstein, we may not be able to fully comply with the terms of our agreement with Qurate, and it may result in significant reductions in the value of the LOGO by Lori Goldstein brand and our prospects, revenues, and cash flows. Lori Goldstein is a key individual in our continued promotion of the LOGO by Lori Goldstein brand and the principal salesperson of the LOGO by Lori Goldstein brand on Qurate. Failure of Lori Goldstein to provide services to Qurate could result in a termination of related agreements with Qurate, which could trigger an event of default under our credit facility. Although we have entered into an employment agreement with Ms. Goldstein, there is no guarantee that we will not lose her services. To the extent that any of Ms. Goldstein' s services become unavailable to us, we will likely need to find a replacement for Ms. Goldstein to promote the LOGO by Lori Goldstein brand. Competition for skilled designers and high- profile brand promoters is intense, and compensation levels may be high, and there is no guarantee that we would be able to identify and attract a qualified replacement, or if Ms. Goldstein' s services are not available to us, that we would be able to promote the LOGO by Lori Goldstein brand as well as we are able to with Ms. Goldstein. This could significantly affect the value of the LOGO by Lori Goldstein brand and our ability to market the brand, and could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects. Additionally, while we acquired all trademarks, image, and likeness of Lori Goldstein, pursuant to the acquisition of the LOGO by Lori Goldstein assets and her employment agreement, Ms. Goldstein has retained certain rights to participate in outside business activities, including hosting and appearing in television shows, movies and theater productions, and writing and publishing books and other publications. Ms. Goldstein' s participation in these personal business ventures could limit her availability to us and affect her ability to perform under this employment agreement. Finally, there is no guarantee that Ms. Goldstein will not take an action that consumers view as negative, which may harm the LOGO by Lori Goldstein brand as well as our business and prospects. We will also be dependent upon the services of our other spokespersons and our joint venture partner' s spokesperson to promote our other brands and the brands of our joint venture. The loss of a spokesperson or a joint ventures' spokesperson could significantly affect the value of the related brand or our related joint venture interest and our or our related joint venture' s ability to market the brand which would harm our business and prospects. The **company has withheld and rescheduled payment of the $ 963, 642 earnout payment for 2023 due to a spokesperson due to alleged uncured breaches of the spokesperson' s obligations under an employment agreement. On February 16, 2024, counsel to Lori Goldstein, a brand spokesperson for the company, advised the company that the Company was in material breach of the March 31, 2021 asset purchase agreement for failure to pay the earn- out achieved for 2023 in the amount of $ 963, 642 (the " 2023 Earn- out ") under the terms of the agreement, and is instead intending on paying such amount quarterly in 2024. The Company does not dispute the amount of the 2023 Earn- out and advised Ms. Goldstein that due to Ms. Goldstein' s failure to make all of the QVC appearances as required by her employment agreement, the Company was not willing to pay the 2023 Earn- out in a lump sum but would make the payment in four quarterly installments. Failure to amicably resolve this dispute could adversely affect the Company' s cash flow and the availability of Ms. Goldstein' s services. To the extent that any of Ms.**

Goldstein' s services become unavailable to us, we will likely need to utilize our existing back- up guest hosts in lieu of Ms. Goldstein and / or find a replacement for Ms. Goldstein to promote the LOGO by Lori Goldstein brand. Competition for skilled designers and high- profile brand promoters is intense, and compensation levels may be high, and there is no guarantee that we would be able to identify and attract a qualified replacement, or if Ms. Goldstein' s services are not available to us, that we would be able to promote 16the LOGO by Lori Goldstein brand on QVC and otherwise. This could significantly affect the value of the LOGO by Lori Goldstein brand and our ability to market the brand, and could impede our ability to fully implement our business plan and future growth strategy for the Lori Goldstein brands, which would harm our business and prospects and adversely impact our results of operations, financial conditions, and cash flows. The failure of our licensees to adequately produce, market, source, and sell quality products bearing our brand names in their license categories or to pay their obligations under their license agreements could result in a decline in our results of operations. Our revenues are dependent on payments made to us under our licensing agreements. Although the licensing agreements for our brands typically require the advance payment to us of a portion of the licensing fees and in many cases provide for guaranteed minimum royalty payments to us, the failure of our licensees to satisfy their obligations under these agreements or their inability to operate successfully or at all, could result in their breach and / or the early termination of such agreements, the non- renewal of such agreements, or our decision to amend such agreements to reduce the guaranteed minimums or sales royalties due thereunder, thereby eliminating some or all of that stream of revenue. Moreover, during the terms of the license agreements, we are substantially dependent upon the efforts and abilities of our licensees to maintain the quality and marketability of the products bearing our trademarks, as their failure to do so could materially tarnish our brands, thereby harming our future growth and prospects. In addition, the failure of our licensees to meet their production, manufacturing, sourcing, and distribution requirements or actively market the branded licensed products could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed ~~16minimums~~ -- **minimums**) due to us. A weak economy or softness in the apparel and retail sectors could exacerbate this risk. This, in turn, could decrease our potential revenues. The concurrent failure by several of our material licensees to meet their financial obligations to us could adversely affect our business, results of operations, and cash flows ~~. We are subject to the risks associated with our Judith Ripka brand' s wholesale and direct- to- consumer model. We commenced e- commerce sales and wholesale distribution of our Judith Ripka brand in 2017 and 2018, respectively. In 2019, we completed the transition of our non- interactive television operations of our Judith Ripka brand from a licensing model to a wholesale and direct- to- consumer model. We opened a brick- and- mortar retail store for the Judith Ripka brand in 2021, which we subsequently closed in 2022. As a result, we do not have a well- established history of conducting these operations. We produce product for our Judith Ripka brands to hold as inventory for sales through our website and wholesale accounts. If we misjudge the market for our Judith Ripka products, we may be faced with significant excess inventory for some products and missed opportunities for other products. In addition, weak sales and mark downs by our retailers or our need to liquidate excess inventory could adversely affect our results of operations. If we are not successful in managing our inventory balances, our cash flows and operating results may be adversely affected~~ . If our retail customers change their buying patterns, request additional allowances, develop their own private label brands or enter into agreements with national brand manufacturers to sell their products on an exclusive basis, our sales to these customers could be materially adversely affected. Our retail customers' buying patterns, as well as the need to provide additional allowances to customers, could have a material adverse effect on our business, results of operations and financial condition. Customers' strategic initiatives, including developing their own private labels brands, selling national brands on an exclusive basis, reducing the number of vendors they purchase from, or reducing the floor space dedicated to our brands could also impact our sales to these customers. There is a trend among major retailers to concentrate purchasing among a narrowing group of vendors. To the extent that any key customer reduces the number of its vendors or allocates less floor space for our products and, as a result, reduces or eliminates purchases from us, there could be a material adverse effect on us. Our business is dependent on continued market acceptance of our brands, our joint venture brands, and any future brands we may acquire directly or through a joint venture, and the products of our licensees. Although certain of our licensees guarantee minimum net sales and minimum royalties to us, some of our licensees are not yet selling licensed products or currently have limited distribution of licensed products, and a failure of our brands or of our joint venture brands or of products bearing our brands or our joint venture brands to achieve or maintain broad market acceptance could cause a reduction of our licensing revenues, diminish the value of and generally affect the operating results of our joint ventures, and could further cause existing licensees not to renew their agreements. Such failure could also cause the devaluation of our trademarks, which are our primary assets and the primary assets of our joint ventures, making it more difficult for us or our joint ventures to renew our current licenses upon their expiration or enter into new or additional licenses for such trademarks. In addition, if such devaluation of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks, which had an aggregate carrying value of $ ~~47~~ **41** . ~~7~~ **5** million as of December 31, ~~2022~~ **2023** , could also occur and be charged as an expense to our operating results. Continued market acceptance of our brands, our joint ventures' brands, and our licensees' products, as well as market acceptance of any future products bearing any future brands we may acquire, is subject to a high degree of uncertainty and constantly changing consumer tastes, preferences, and purchasing patterns. Creating and maintaining market acceptance of our licensees' products and creating market acceptance of new products and categories of products bearing our marks may require substantial marketing efforts, which may, from time to time, also include our expenditure of significant additional ~~funds~~ **17funds** to keep pace with changing consumer demands, which funds may or may not be available on a timely basis, on acceptable terms or at all. Additional marketing efforts and expenditures may not, however, result in either increased market acceptance of, or additional licenses for, our trademarks or increased market acceptance, or sales, of our licensees' products. Furthermore, we do not actually design or manufacture all of the products bearing our marks, and therefore, have less control over such products' quality and design than a traditional product manufacturer might have. The failure of our ~~17licensees~~ -- **licensees** and joint ventures to maintain the quality of their products could harm the reputation and marketability of our brands and our joint ventures' brands, which would adversely impact our business and the business of our joint ventures. Negative claims or publicity regarding Xcel, IM Topco, LLC, any future joint ventures, our or their brands, or products could adversely affect our reputation and sales regardless of whether such claims are accurate. Social media, which accelerates the dissemination of information, can increase the challenges of responding to negative claims. In the past, many apparel companies have experienced periods of rapid growth in sales and earnings followed by periods of declining sales and losses. Our businesses may be similarly affected in the future. Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties. We use and our joint ventures may use third- party social media platforms as, among other things, marketing tools. We also maintain, and our joint ventures may maintain, relationships with many social media influencers and engage in sponsorship initiatives. As existing e- commerce and social media platforms continue to rapidly evolve and new platforms develop, we and our joint ventures must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we or our joint ventures are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we or our joint ventures use change their policies or algorithms, we or our joint ventures may not be able to fully optimize such platforms, and our and their ability to maintain and acquire customers and our financial condition may suffer. Furthermore, as laws and regulations and public opinion rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers, our sponsors or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and operating results. In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us and our joint ventures to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an advertiser. We do not prescribe what our influencers post, and if we were held responsible for the content of their posts or their actions, we could be fined or forced to alter our practices, which could have an adverse impact on our business. Negative commentary regarding us, our joint ventures or our or their products or influencers and other third parties who are affiliated with us or our joint ventures may also be posted on social media platforms and may be adverse to our or our joint ventures' reputation or business. Influencers with whom we or our joint ventures maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our or our joint ventures' brand and may be attributed to us or our joint ventures or otherwise adversely affect us or our joint ventures. It is not possible to prevent such behavior, and the precautions we and our joint ventures take to detect this activity may not be effective in all cases. Our and our joint ventures' target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us and our joint ventures an opportunity for redress or correction. ~~If~~ **18If** we are unable to anticipate and respond to changing customer preferences and shifts in fashion and industry trends in a timely manner, our business, financial condition, and operating results could be harmed. Our success largely depends on our ability to consistently gauge tastes and trends and provide a diverse and balanced assortment of merchandise that satisfies customer demands in a timely manner. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for products of our competitors, our failure to accurately forecast acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions, and weakening of economic conditions or consumer ~~18confidence~~ -- **confidence** in future economic conditions. We typically enter into agreements to manufacture and purchase our merchandise in advance of the applicable selling season and our failure to anticipate, identify or react appropriately, or in a timely manner to changes in customer preferences, tastes and trends or economic conditions could lead to, among other things, missed opportunities, excess inventory or inventory shortages, markdowns and write- offs, all of which could negatively impact our profitability and have a material adverse effect on our business, financial condition, and operating results. Failure to respond to changing customer preferences and fashion trends could also negatively impact the image of our brands with our customers and result in diminished brand loyalty. If major department, mass merchant, and specialty store chains consolidate, continue to close stores, or cease to do business, our business could be negatively affected. ~~We~~ **Certain of our licensees** sell our **branded** products through major department, mass merchant, and specialty store chains. Continued consolidation in the retail industry, as well as store ~~closing~~ **closures** or retailers ceasing to do business, could negatively impact our business. ~~Various customers of ours have encountered reductions in operations including Macy' s and Kohl' s, as well as other store chains that have reduced the number of stores they operated, Lord & Taylor, which closed all of its stores, and JC Penney and Christopher & Banks, each of which filed for bankruptcy. Store closings could adversely affect our business and results of operations.~~ Consolidation could **also** reduce the number of our customers and potential customers ~~. With increased consolidation in the retail industry, we are increasingly dependent on retailers whose~~ -- **who can access** ~~bargaining strength may increase and whose share of~~ our **branded products** ~~business may grow. As a result, we may face greater pressure from these customers to provide more favorable terms, including increased support of their retail margins. As purchasing decisions become more centralized, the risks from consolidation increase~~ . A store group could decide to close stores, decrease the amount of **our branded** product purchased from ~~us~~ **our licensees** , modify the amount of floor space allocated to apparel in general or to our ~~products~~ **brands** specifically, or focus on promoting private label products or national brand products for which it has exclusive rights rather than promoting our ~~products~~ **brands** . Customers are also concentrating purchases among a narrowing group of vendors. These types of decisions ~~by our key customers~~ could adversely affect our business. We expect to achieve growth based upon our plans to expand our business under our existing brands **and brands we may develop**

independently or through collaborations or acquire . If we fail to manage our expected future growth, our business and operating results could be materially harmed. We expect to achieve growth in our existing brands **and brands we may develop independently or through collaborations or acquire** through expansion of our ~~wholesale business~~ **licensing activities** and **social media** e- commerce platforms **, including ORME** ~~. Revenue growth is expected to come from new wholesale accounts and increased traffic to our e- commerce sites~~ . We continue to seek new opportunities and international expansion through interactive television and licensing arrangements **, as well as joint ventures and collaborations** . The success of our company, however, will ~~still~~ remain largely dependent on our ability to build and maintain broad market acceptance of our brands, to contract with and retain key licensees and on our licensees’ ability to accurately predict upcoming fashion and design trends within customer bases and fulfill the product requirements of retail channels within the global marketplace. Our ability to compete effectively and to manage future growth, if any, will depend on the sufficiency and adequacy of our current resources and infrastructure and our ability to continue to identify, attract and retain personnel to manage our brands and integrate any brands we may acquire into our operations. There can be no assurance that our personnel, systems, procedures and controls will be adequate to support our operations and properly oversee our brands. The failure to support our operations effectively and properly oversee our brands could cause harm to our brands and have a material adverse effect on the value of such brands and on our reputation, business, financial condition and results of operations. In addition, we may be unable to leverage our core competencies in managing apparel and jewelry brands to managing brands in new product categories. Also, there can be no assurance that we will be able to achieve and sustain meaningful growth. Our growth may be limited by a number of factors including increased competition among branded products at brick- and- mortar, internet and interactive retailers, decreased airtime on QVC, **HSN, and JTV,** competition for retail licenses and brand acquisitions **, joint ventures and collaborations** , and insufficient capitalization for future transactions. 19We are dependent upon our Chief Executive Officer and other key executives. If we lose the services of these individuals, we may not be able to fully implement our business plan and future growth strategy, which would harm our business and prospects. Our success is largely dependent upon the efforts of Robert W. D’ Loren, our Chief Executive Officer and Chairman of our board of directors. Our continued success is largely dependent upon his continued efforts and those of our other key executives. Although we entered into an employment agreement with Mr. D’ Loren, as well as employment agreements with other executives and key employees, such persons can terminate their employment with us at their option, and there is no guarantee that we will not lose the services of our executive officers or key employees. To the extent that any of their services become unavailable to us, we will be required to hire other qualified executives, and we may not be successful in finding or hiring adequate replacements. This could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects. If we are unable to identify and successfully acquire additional trademarks **or enter into joint ventures or collaborations for brands** , our growth may be limited and, even if additional trademarks are acquired **or joint ventures and collaborations are formed** , we may not realize anticipated benefits due to integration or licensing difficulties. While we are focused on growing our existing brands, we intend to selectively seek to acquire additional intellectual property, either directly or through the formation of joint ventures **or collaborations** . However, as our competitors continue to pursue a brand management model, acquisitions **, joint ventures, and collaborations** may become more expensive and suitable ~~acquisition~~ candidates could become more difficult to find. In addition, even if we successfully acquire additional intellectual property or the rights to use additional intellectual property, we may not be able to achieve or maintain profitability levels that justify our investment in, or realize planned benefits with respect to, those additional brands. Although we will seek to temper our acquisition **, joint venture, and collaboration** risks by following ~~acquisition~~ guidelines relating to purchase price and valuation, projected returns, existing strength of the brand, its diversification benefits to us, its potential licensing scale and creditworthiness of licensee base, acquisitions **, joint ventures, and collaborations** , whether they be of additional intellectual property assets or of the companies that own them, entail numerous risks, any of which could detrimentally affect our reputation, our results of operations, and / or the value of our common stock. These risks include, among others: ● unanticipated costs associated with the target acquisition **, joint venture, or collaboration,** or its integration with our company; ● our ability to identify or consummate additional quality business opportunities, including potential licenses and new product lines and markets; ● negative effects on reported results of operations from acquisition related charges and costs, and amortization of acquired intangibles; ● diversion of management’ s attention from other business concerns; ● the challenges of maintaining focus on, and continuing to execute, core strategies and business plans as our brand and license portfolio grows and becomes more diversified; ● adverse effects on existing licensing and other relationships; ● potential difficulties associated with the retention of key employees, and difficulties, delays and unanticipated costs associated with the assimilation of personnel, operations, systems and cultures, which may be retained by us in connection with or as a result of our acquisitions; **20** ● risks of entering new domestic and international markets (whether it be with respect to new licensed product categories or new licensed product distribution channels) or markets in which we have limited prior experience; ~~and20~~ -- **and** ● increased concentration in our revenues with one or more customers in the event that the brand has distribution channels in which we currently distribute products under one or more of our brands. When we acquire intellectual property assets or the companies that own them **, or enter into joint ventures or collaborations** , our due diligence reviews are subject to inherent uncertainties and may not reveal all potential risks. We may therefore fail to discover or inaccurately assess undisclosed or contingent liabilities, including liabilities for which we may have responsibility as a successor to the seller or the target company. As a successor, we may be responsible for any past or continuing violations of law by the seller or the target company. Although we will generally attempt to seek contractual protections through representations, warranties and indemnities, we cannot be sure that we will obtain such provisions ~~in our acquisitions~~ or that such provisions will fully protect us from all unknown, contingent or other liabilities or costs. Finally, claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not, or may not be able to, indemnify us or that may exceed the scope, duration or amount of the seller’ s indemnification obligations. Acquiring additional intellectual property could also have a significant effect on our financial position and could cause substantial fluctuations in our quarterly and yearly operating results. Acquisitions **and joint ventures** could result in the recording of significant goodwill and intangible assets on our financial statements, the amortization or impairment of which would reduce our reported earnings in subsequent years. No assurance can be given with respect to the timing, likelihood or financial or business effect of any possible transaction. Moreover, our ability to grow through the acquisition of additional intellectual property **, joint ventures and collaborations** will also depend on the availability of capital to complete the necessary acquisition arrangements. In the event that we are unable to obtain debt financing on acceptable terms for a particular ~~acquisition~~ **transaction** , we may elect to pursue the ~~acquisition~~ **transaction** through the issuance by us of shares of our common stock (and, in certain cases, convertible securities) as equity consideration, which could dilute our common stock and reduce our earnings per share, and any such dilution could reduce the market price of our common stock unless and until we were able to achieve revenue growth or cost savings and other business economies sufficient to offset the effect of such an issuance. Acquisitions of additional brands may also involve challenges related to integration into our existing operations, merging diverse cultures, and retaining key employees. Any failure to integrate additional brands successfully in the future may adversely impact our reputation and business. As a result, there is no guarantee that our stockholders will achieve greater returns as a result of any future acquisitions we complete. Intense competition in the apparel, fashion, and jewelry industries could reduce our sales and profitability. As a fashion company, we face intense competition from other domestic and foreign apparel, footwear, accessories, and jewelry 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. Competition is based on many factors including, without limitation, the following: ● establishing and maintaining favorable brand recognition; ● developing products that appeal to consumers; ● pricing products appropriately; ● determining and maintaining product quality; ● obtaining access to sufficient floor space in retail locations; ● providing appropriate services and support to retailers; **21** ● maintaining and growing market share; ● developing and maintaining a competitive e- commerce site; ~~21~~ ● hiring and retaining key employees; and ● protecting intellectual property. Competition in the apparel, fashion and jewelry industries is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of ~~suppliers~~ **potential licensees** , greater brand recognition, and greater financial, research and development, marketing, distribution, and other resources than we do. These capabilities of our competitors may allow them to better withstand downturns in the economy or apparel, fashion and jewelry industries. 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. 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. Because of the intense competition within our existing and potential wholesale licensees' markets and the strength of some of their competitors, we and our licensees may not be able to continue to compete successfully. We expect our existing and future licenses to relate to products in the apparel, footwear, accessories, jewelry, home goods, and other consumer industries, in which our licensees face intense competition, including from our other brands and licensees. In general, competitive factors include quality, price, style, name recognition, and service. In addition, various fashion trends and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, distribution, marketing, and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to successfully compete in the markets for their products, and we may not be able to continue to compete successfully with respect to our contractual arrangements. If our competition for licenses increases, or any of our current licensees elect not to renew their licenses or renew on terms less favorable than today, our growth plans could be slowed and our business, financial condition and results of operations would be adversely affected. To the extent we seek to acquire additional brands, we will face competition to retain licenses and to complete such acquisitions. The ownership, licensing, and management of brands is becoming a more widely utilized method of managing consumer brands as production continues to become commoditized and manufacturing capacity increases worldwide. We face competition from numerous direct competitors, both publicly and privately- held, including traditional apparel and consumer brand companies, other brand management companies and private equity groups. Companies that traditionally focused on wholesale manufacturing and sourcing models are now exploring licensing as a way of growing their businesses through strategic licensing partners and direct- to- retail contractual arrangements. Furthermore, our current or potential licensees may decide to develop or purchase brands rather than renew or enter into contractual agreements with us. In addition, this increased competition could result in lower sales of products offered by our licensees under our brands. If our competition for licenses increases, it may take us longer to procure additional licenses, which could slow our growth rate. **22Difficulties with** ~~The extent of our~~ foreign sourcing may adversely affect our business. **Our** ~~We and our~~ licensees work with several manufacturers overseas, primarily located **overseas, including** in China and Thailand. A manufacturing contractor' s failure to ship products to ~~us~~ **our licensees** in a timely manner or to meet the required quality standards could cause ~~us~~ **the licensee** to miss the delivery date requirements of ~~our~~ **its** customers for those items **or not have seasonal product available for a selling season** . The failure to make timely deliveries may cause **their** ~~22customers~~ -- **customers** to cancel orders, refuse to accept deliveries or demand reduced prices, any of **which could reduce our licensing royalties,** which could have a material adverse effect on us. As a result of the magnitude of our **licensees'** foreign sourcing, our business is subject to the following risks: ● political and economic instability in countries or regions, especially Asia, including heightened terrorism and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays win deliveries or impoundment of goods; ● imposition of regulations, quotas and other trade restrictions relating to imports, including quotas imposed by bilateral textile agreements between the U. S. and foreign countries; ● currency exchange rates; ● imposition of increased duties, taxes and other charges on imports; ● pandemics and disease outbreaks such as COVID- 19; ● 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; ● disease epidemics and health- related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; ● the migration and development of manufacturing contractors, which could affect where our ~~products~~ **brands** are or are planned to be produced; ● increases in the costs of fuel, travel and transportation; ~~● 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~~ **our licensees** from manufacturing products in any significant international market, prevent us from acquiring products from foreign suppliers, **the production and sale of** ~~or~~ **our brands** ~~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 impact our business. ~~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, and gold, silver and other precious and semi- precious metals and gem stones used in our jewelry, could have a material adverse effect on cost of sales or our ability to meet customer demands. The prices of fabrics, precious and semi- precious metals and gemstones 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, precious and semi- precious metals and gem stones used in our apparel and jewelry may fluctuate significantly, depending on many factors, including crop yields, weather patterns, labor costs and changes in oil prices. 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 23volatility 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.~~ Our ~~reliance on independent manufacturers could cause delays or quality issues which could damage customer relationships. We use approximately eight independent manufacturers to assemble or produce all of our products. We are dependent on the ability of these independent manufacturers to adequately finance the production of goods ordered and maintain sufficient manufacturing capacity. The use of independent manufacturers to produce finished goods and the resulting lack of direct control could subject us to difficulty in obtaining timely delivery of products of acceptable quality. 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. 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 ethical 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. The failure of any independent manufacturer to perform or the loss of any independent manufacturer could have a material adverse effect on our business, results of operations, and financial condition. If our independent manufacturers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity. We have established and currently maintain operating guidelines which promote 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. A lack of demonstrated compliance 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. Violation of labor or other laws by our independent manufacturers or the divergence of an independent manufacturer' s labor or other practices from those generally accepted as ethical in the U. S. or other markets in which we do business could also attract negative publicity for us and our brand. 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. This could diminish the value of our brand image and reduce demand for our merchandise. 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 brand image, stock price and results of operations. Monitoring compliance by independent manufacturers is complicated by the fact that 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 such expectations 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. 24Our~~ failure to protect our proprietary rights could compromise our competitive position and decrease the value of our brands. We own, through our wholly owned subsidiaries, various U. S. federal trademark registrations and foreign trademark registrations for our brands, together with pending applications for registration, which are vital to the success and further growth of our business and which we believe have significant value. We rely primarily upon a combination of trademarks, copyrights, and contractual restrictions to protect and enforce our intellectual property rights domestically and internationally. We believe that such measures afford only limited protection and, accordingly, there can be no assurance that the actions taken by us to establish, protect, and enforce our trademarks and other proprietary rights will prevent ~~infringement~~ **23infringement** of our intellectual property rights by others, or prevent the loss of licensing revenue or other damages caused therefrom. For instance, despite our efforts to protect and enforce our intellectual property rights, unauthorized parties may attempt to copy aspects of our intellectual property, which could harm the reputation of our brands, decrease their value, and / or cause a decline in our licensees' sales and thus our revenues. Further, we and our licensees may not be able to detect infringement of our intellectual property rights quickly or at all, and at times, we or our licensees may not be successful in combating counterfeit, infringing, or knockoff products, thereby damaging our competitive position. In addition, we depend upon the laws of the countries where our licensees' products are sold to protect our intellectual property. Intellectual property rights may be unavailable or limited in some countries because standards of registration and ownership vary internationally. Consequently, in certain foreign jurisdictions, we have elected or may elect not to apply for trademark registrations. While we generally apply for trademarks in most countries where we license or intend to license our trademarks, we may not accurately predict all of the countries where trademark protection will ultimately be desirable. If we fail to timely file a trademark application in any such country, we may be precluded from obtaining a trademark registration in such country at a later date. Failure to adequately pursue and enforce our trademark rights could damage our brands, enable others to compete with our brands and impair our ability to compete effectively. In addition, in the future, we may be required to assert infringement claims against third parties or more third parties may assert infringement claims against us. Any resulting litigation or proceeding could result in significant expense to us and divert the efforts of our management personnel, whether or not such litigation or proceeding is determined in our favor. To the extent that any of our trademarks were ever deemed to violate the proprietary rights of others in any litigation or proceeding or as a result of any claim, we may be prevented from using them, which could cause a termination of our contractual arrangements, and thus our revenue stream, with respect to those trademarks. Litigation could also result in a judgment or monetary damages being levied against us. Risks Related to an Investment in Our SecuritiesManagement exercises significant control over matters requiring shareholder approval, which may result in the delay or prevention of a change in our control. Pursuant to voting agreements, certain shareholders agreed to appoint a person designated by our board of directors as their collective irrevocable proxy and attorney- in- fact with respect to the shares of the common stock received by them. The proxy holder will vote in favor of matters recommended or approved by the board of directors. The board of directors has designated Robert W. D' Loren as proxy. Also, pursuant to separate voting agreements, certain other stockholders have agreed to appoint Mr. D' Loren as their respective irrevocable proxy and attorney- in- fact with respect to the shares of the common stock issued to them by us. The proxy holder shall vote in favor of matters recommended or approved by the board of directors. The combined voting power of the common stock ownership of our directors and executive officers is approximately ~~54~~ **45** % of our voting securities as of ~~April 14~~ **March 31** , ~~2023~~ **2024** . As a result, our management through such stock ownership will exercise significant influence over all matters requiring shareholder approval, including the election of our directors and approval of significant corporate transactions. This concentration of ownership in management may also have the effect of delaying or preventing a change in control of us that may be otherwise viewed as beneficial by stockholders other than management. ~~25There~~ -- **There** is also a risk that our existing management and a limited number of stockholders may have interests which are different from certain stockholders and that they will pursue an agenda which is beneficial to themselves at the expense of other stockholders. ~~Our~~ **24Our** failure to meet the continued listing requirements of the Nasdaq ~~Global~~ **Capital** Market could result in a delisting of our common stock, which could negatively impact the market price and liquidity of our common stock and our ability to access the capital markets. On ~~November 22~~ **April 16** , ~~2022~~ **2024** , we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market (" Nasdaq ") notifying us that the minimum bid price per share for our common stock fell below $ 1. 00 for a period of 30 consecutive business days. Therefore, the Company did not meet the minimum bid price requirement set forth in the Nasdaq Listing Rules. The letter also states that pursuant to Nasdaq Listing Rules 5810 (c) (3) (A), we will be provided 180 calendar days to regain compliance with the minimum bid price requirement, or until ~~May 22~~ **October 14** , ~~2023~~ **2024** . We can regain compliance if, at any time during the Tolling Period or such 180- day period, the closing bid price of our common stock is at least $ 1. 00 for a minimum period of 10 consecutive business days. If by ~~May 22~~ **October 14** , ~~2023~~ **2024** , we do not regain compliance with the Nasdaq Listing Rules, we may be eligible for additional time to regain compliance pursuant to Nasdaq Listing Rule 5810 (c) (3) (A) (ii). ~~To qualify, we would need to submit a transfer application and a $ 5, 000 application fee.~~ We would also need to provide written notice to Nasdaq of our intention to cure the minimum bid price deficiency during the second compliance period by effecting a reverse stock split, if necessary. As part of its review process, the Nasdaq staff will make a determination of whether it believes we will be able to cure this deficiency. Should the Nasdaq staff conclude that we will not be able to cure the deficiency, or should we determine not to submit a transfer application or make the required representation, Nasdaq will provide notice that our shares of common stock will be subject to delisting. If we do not regain compliance within the allotted compliance period, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that our shares of common stock will be subject to delisting from the Nasdaq ~~Global~~ **Capital** Market. At such time, we may appeal the delisting determination to a hearings panel. We intend to monitor our common stock closing bid price between now and ~~May 22~~ **October 14** , ~~2023~~ **2024** and will consider available options to resolve the Company' s noncompliance with the minimum bid price requirement, as may be necessary. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or will otherwise be in compliance with other Nasdaq listing criteria. Our common stock may be subject to the penny stock rules adopted by the SEC that require brokers to provide extensive disclosure to their customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which could make it more difficult for our stockholders to sell their securities. Rule 3a51- 1 of the Exchange Act establishes the definition of a " penny stock, " for purposes relevant to us, as any equity security that has a minimum bid price of less than $ 5. 00 per share, subject to a limited number of exceptions, including for having securities registered on certain national securities exchanges. If our common stock were delisted from the NASDAQ, market liquidity for our common stock could be severely and adversely affected. For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person' s account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person' s account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. ~~26The~~ -- **The** broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth: ● the basis on which the broker or dealer made the suitability determination; and ● that the broker or dealer received a signed, written agreement from the investor prior to the transaction. ~~Disclosure~~ **25Disclosure** also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and commission payable to both the broker- dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Because of these regulations, broker- dealers may not wish to engage in the above- referenced necessary paperwork and disclosures and / or may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling stockholders or other holders to sell their shares in any secondary market and have the effect of reducing the level of trading activity in any secondary market. These additional sales practice and disclosure requirements could impede the sale of our common stock even if and when our common stock becomes listed on the NASDAQ ~~Global~~ **Capital** Market. In addition, the liquidity for our common stock may decrease, with a corresponding decrease in the price of our common stock. No assurance can be given that our stock will not be subject to these " penny stock " rules in the future. Investors should be aware that, according to Commission Release No. 34- 29093, the market for " penny stocks " has suffered in recent years from patterns of fraud and abuse. Such patterns include: (1) control of the market for the security by one or a few broker- dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high- pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid- ask differential and markups by selling broker- dealers; and (5) the wholesale dumping of the same securities by promoters and broker- dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The occurrence of these patterns or practices could increase the future volatility of our share price. Our common stock has historically been thinly traded, and you may be unable to sell at or near ask prices or at all if you need to sell or liquidate a substantial number of shares at one time. Although our common stock is listed on the NASDAQ ~~Global~~ **Capital** Market, our common stock has historically been traded at relatively low volumes. As a result, the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small. This situation is attributable to a number of factors, including that we are currently a small company which is still relatively unknown to securities analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk- averse and reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot provide any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that trading levels will be sustained. The market price of our common stock has declined over the past several years and may be volatile, which could reduce the market price of our common stock. Currently the publicly traded shares of our common stock are not widely held, and do not have significant trading volume, and, therefore, may experience significant price and volume fluctuations. Although our common stock is quoted on the NASDAQ ~~Global~~ **Capital** Market, this does not assure that a meaningful, consistent trading market will develop or that the volatility will decline. This market volatility could reduce the market price of the common stock, regardless of our ~~27operating~~ -- **operating** performance. In addition, the trading price of the common stock has been volatile over the past several years and could change significantly over short periods of time in response to actual or anticipated variations in our quarterly operating results, announcements by us, our licensees or our respective competitors, factors affecting our licensees' markets generally and / or changes in national or regional economic conditions, making it more difficult for shares of the common stock to be sold at a favorable price or at all. The market price of the common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the trademark licensing business or companies in the industries in which our licensees compete. ~~We~~ **26We** may issue a substantial number of shares of common stock upon exercise of outstanding warrants and options. As of December 31, ~~2022~~ **2023** , we had outstanding warrants and options to purchase ~~5~~ **6** , ~~730~~ **264** , ~~375~~ **605** shares of our common stock with a weighted average exercise price of $ ~~2~~ **1** . ~~14~~ **96** . The holders of warrants and options will likely exercise such securities at a time when the market price of our common stock exceeds the exercise price. Therefore, exercises of warrants and options will result in a decrease in the net tangible book value per share of our common stock and such decrease could be material. The issuance of shares upon exercise of outstanding warrants and options will dilute our then-existing stockholders' percentage ownership of our company, and such dilution could be substantial. In addition, our growth strategy includes the acquisition of additional brands, and we may issue shares of our common stock as consideration for acquisitions. Sales or the potential for sale of a substantial number of such shares could adversely affect the market price of our common stock, particularly if our common stock remains thinly traded at such time. As of December 31, ~~2022~~ **2023** , we had an aggregate of 3, ~~291~~ **103** , ~~909~~ **941** shares of common stock available for grants under our 2021 Equity Incentive Plan (the" 2021 Plan") to our directors, executive officers, employees, and consultants. Issuances of common stock pursuant to the exercise of stock options or other stock grants or awards which may be granted under our 2021 Plan will dilute your interest in us. Holders of our common stock may be subject to restrictions on the use of Rule 144 by shell companies or former shell companies. Historically, the SEC has taken the position that Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, is not available for the resale of securities initially issued by companies that are, or previously were, shell companies (we were considered a shell company on and prior to September 29, 2011), to their promoters or affiliates despite technical compliance with the requirements of Rule 144. The SEC prohibits the use of Rule 144 for resale of securities issued by shell companies (other than business transaction related shell companies) or issuers that have been at any time previously a shell company. The SEC has provided an important exception to this prohibition, however, if the following conditions are met: the issuer of the securities that was formerly a shell company has ceased to be a shell company; the issuer of the securities is subject to the reporting requirements of Section 13 or 15 (d) of the Exchange Act; the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8- K reports; and at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company. As such, due to the fact that we had been a shell company prior to September 2011, holders of " restricted securities " within the meaning of Rule 144, when reselling their shares pursuant to Rule 144, shall be subject to the conditions set forth herein. We do not anticipate paying cash dividends on our common stock. You should not rely on an investment in our common stock to provide dividend income, as we have not paid dividends on our common stock, and we do not plan to pay any dividends in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing licensing operations, further develop our trademarks, and finance the acquisition of additional trademarks. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. In addition, our credit facility limits the amount of cash dividends we may pay while amounts under the credit facility are outstanding. ~~28Provisions~~ -- **Provisions** of our corporate charter documents could delay or prevent change of control. Our certificate of incorporation authorizes our board of directors to issue up to 1, 000, 000 shares of preferred stock without stockholder approval, in one or more series, and to fix the dividend rights, terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, and any other rights, preferences, privileges, and restrictions applicable to each new series of preferred stock. The designation of preferred stock in the future could make it difficult for third parties to gain control of our company, prevent or substantially delay a change in control, discourage bids for the common stock at a premium, or otherwise adversely affect the market price of the common stock. ~~General~~ **27General** RisksA pandemic outbreak of disease or similar public health threat, or fear of such an event, could have a material adverse impact on the Company' s business, operating results and financial condition. A pandemic or outbreak of disease or similar public health threat, such as the COVID- 19 pandemic, or fear of such an event, could have a material adverse impact on our business, operating results, and financial condition. The ~~current~~ COVID- 19 pandemic ~~has~~ caused a disruption to our business, beginning in March 2020. The impacts of the ongoing COVID- 19 pandemic (including actions taken by national, state, and local governments in response to COVID- 19) ~~have~~ negatively impacted the U. S. and global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets ~~. More specifically, COVID- 19 has had, and continues to have, a significant negative impact on our business~~ . The initial onset of the pandemic in 2020 resulted in a sudden decrease in sales for many of the Company' s products, from which we have yet to fully recover. The global pandemic ~~has~~ affected the financial health of certain of our customers, and the bankruptcy of certain other customers; as a result, we may be required to make additional adjustments for doubtful accounts which would increase our operating expenses in future periods and negatively impact our operating results. ~~Due to the ongoing COVID- 19 pandemic, there is significant uncertainty surrounding the Company' s future results of operations and cash flows. Continued impacts of the pandemic could materially adversely affect our near- term and long- term revenues, earnings, liquidity, and cash flows.~~ Supply chain disruptions have adversely affected, and could continue to adversely affect, our **licensees'** ability to import our products in a timely manner ~~and our freight costs~~ . The effects of the COVID- 19 pandemic on the shipping industry ~~have~~ negatively impacted our **and our licensees'** ability to import our **branded** products in a manner that allows for timely delivery to ~~our~~ customers. Congestion at ports of loading and ports of entry ~~have~~ caused significant delays in deliveries and changes to the itineraries of ~~our~~ steamship carriers. Use of alternate routes or delivery methods would require additional trucking for ~~us and~~ our **licensees and their** customers. Truck driver shortages, shortages of truck equipment and the inability of ports to provide reliable pick up times, ~~have~~ also negatively impacted our **and our licensees'** ability to timely receive goods **in the past** . If ~~we~~ **our licensees** are unable to mitigate ~~these~~ supply chain disruptions, ~~our~~ **their** ability to meet customer expectations, manage inventory and complete sales could be materially adversely affected. Contractual shipping rates have increased as a result of increased demand for container space and the logistical delays experienced by the shipping industry. ~~Our costs~~ **Costs** have increased as a result of higher contractual shipping rates and the need to purchase additional container space on the secondary market at higher spot rates. Terminals are also now imposing additional fees on importers not picking up containers on time, even when equipment and labor shortages negatively affect the ability of importers to pick up in a timely manner. If ~~we~~ **our licensees** are unable to secure container space on a vessel **for our branded product** due to limited availability, ~~we~~ **they** may experience delays in shipping product from ~~our~~ overseas suppliers and ultimately to ~~our~~ **their** customers. Furthermore, even ~~when we~~ **if they** are able to secure space, ports around the world are experiencing congestion **from time to time** , slowing transit times of product through ports of entry which negatively affects ~~our~~ **their** ability to timely receive and deliver product to ~~our~~ **their** retail partners and customers. If ~~we~~ **our licensees** are unable to mitigate these supply chain disruptions, ~~our~~ **their** ability to meet customer expectations, manage inventory and complete sales could be materially adversely affected ~~. In addition~~ , **which could adversely affect** ~~if we are unable to offset higher freight and other costs through product price increases or other measures,~~ our results of operations ~~may be adversely affected~~ . ~~29The~~ -- **The** Ukrainian- Russian conflict could have a material adverse impact on our business. The Ukrainian- Russian conflict, the responses thereto, such as sanctions imposed by the United States and other western democracies, and any expansion thereof is likely to have unpredictable and wide- ranging effects on the domestic and global economy and financial markets, which could have an adverse effect on our business and results of operations. Already the conflict has caused market volatility, a sharp increase in certain commodity prices, such as wheat and oil, and an increasing number and frequency of cybersecurity threats. So far, we have not experienced any direct impact from the conflict and, as our business is conducted exclusively in the United States, we are probably less vulnerable than companies with international operations. Nevertheless, we will continue to monitor the situation carefully and, if necessary, take action to protect our business, operations, and financial condition. ~~A~~ **28A** decline in general economic conditions resulting in a decrease in consumer spending levels and an inability to access capital may adversely affect our business. The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors which are beyond our control, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs and consumer debt levels), 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 and the impact of natural disasters and pandemics and disease outbreaks such as the COVID- 19 pandemic. Global economic conditions historically included significant recessionary pressures and declines in employment levels, disposable income and actual and / or perceived wealth and further declines in consumer confidence and economic growth. A depressed economic environment is often characterized by a decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary or luxury purchases, including fashion apparel and accessories such as ours. Such factors as well as another shift towards recessionary conditions have in the past, and could in the future, devalue our brands, which could result in an impairment in its carrying value, which could be material, create downward pricing pressure on the products carrying our brands, and adversely impact our sales volumes and overall profitability. Further, economic and political volatility and declines in the value of foreign currencies could negatively impact the global economy as a whole and have a material adverse effect on the profitability and liquidity of our operations, as well as hinder our ability to grow through expansion in the international markets. In addition, domestic and international political situations also affect consumer confidence, including the threat, outbreak or escalation of terrorism, military conflicts or other hostilities around the world. Furthermore, changes in the credit and capital markets, including market disruptions, limited liquidity, and interest rate fluctuations, may increase the cost of financing or restrict our access to potential sources of capital for future acquisitions. The risks associated with our business are more acute during periods of economic slowdown or recession. Accordingly, any prolonged economic slowdown or a lengthy or severe recession with respect to either the U. S. or the global economy is likely to have a material adverse effect on our results of operations, financial condition, and business prospects. Inflation and / or a potential recession could adversely impact our business and results of operations. Many of the components of our cost of goods sold are subject to price increases that are attributable to factors beyond our control, including but not limited to, global economic conditions, trade barriers or restrictions, supply chain disruptions, changes in crop size, product scarcity, demand dynamics, currency rates, water supply, weather conditions, import and export requirements, and other factors. The cost of raw materials, labor, manufacturing, energy, fuel, shipping and logistics, and other inputs related to the production and distribution of our products have increased and may continue to increase unexpectedly. ~~Beginning in the first quarter of 2022, input costs increased significantly. We expect the pressures of input cost inflation to continue for at least some portion of 2023. We may not be able to mitigate the impact of inflation and cost increases or pass these costs along to our customers.~~ In addition, poor economic and market conditions, including a potential recession, may negatively impact market sentiment, decreasing the demand for apparel, footwear, accessories, fine jewelry, home goods, and other consumer ~~30products~~ -- **products** , which would adversely affect our operating income and results of operations. If we are unable to take effective measures in a timely manner to mitigate the impact of the inflation as well as a potential recession, our business, financial condition, and results of operations could be adversely affected. Extreme or unseasonable weather conditions could adversely affect our business. Extreme weather events and changes in weather patterns can influence customer trends and shopping habits. Extended periods of unseasonably warm temperatures during the fall and winter seasons, or cool weather during the summer season, may diminish demand for our seasonal merchandise. Heavy snowfall, hurricanes or other severe weather events in the areas in which our retail stores and the retail stores of our wholesale customers are located may decrease customer traffic in those stores and reduce our sales and profitability. If severe weather events were to force closure of or disrupt operations at the distribution centers we use for our merchandise, we could incur higher costs and experience longer lead times to distribute our products to our retail stores, wholesale customers or digital channel customers. If prolonged, such extreme or unseasonable weather conditions could adversely affect our business, financial condition, and results of operations. ~~Our~~ **29Our** trademarks and other intangible assets are subject to impairment charges under accounting guidelines. Our intangible assets including our trademarks had a net carrying value of $ ~~47~~ **41** . ~~7~~ **5** million as of December 31, ~~2022~~ **2023** and represent a substantial portion of our assets. Under accounting principles generally accepted in the United States of America (" GAAP "), finite- lived intangible assets are amortized over their estimated useful lives, and reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Non- renewal of license agreements or other factors affecting our market segments or brands could result in significantly reduced revenue for a brand, which could result in a devaluation of the affected trademark. If such devaluations of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks could also occur and be charged as a non- cash expense to our operating results, which could be material. Any write- down of intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material. Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results. Our future effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or by a change in allocation of state and local jurisdictions, or interpretations thereof. The Company currently files U. S. federal tax returns and various state tax returns. Tax years that remain open for assessment for federal and state purposes include **the** years ended December 31, ~~2019~~ **2020** through December 31, ~~2022~~ **2023** . We regularly assess the likelihood of recovering the amount of deferred tax assets recorded on the balance sheet and the likelihood of adverse outcomes resulting from examinations by various taxing authorities in order to determine the adequacy of our provision for income taxes. Although under the 2017 Tax Cuts and Jobs Act Federal tax rates are lower, certain expenses will be either reduced or eliminated, causing the Company to have increased taxable income, which may have an adverse effect on our future income tax obligations. We cannot guarantee that the outcomes of these evaluations and continuous examinations will not harm our reported operating results and financial condition. We must successfully maintain and / or upgrade our information technology systems. We rely on various information technology systems to manage our operations, which subject us to inherent costs and risks associated with maintaining, upgrading, replacing, and changing these systems, including impairment of our information technology, potential disruption of our internal control systems, substantial capital expenditures, demands on management time, cyber security breaches and other risks of delays or difficulties in upgrading, transitioning to new systems, or of integrating new systems into our current systems. ~~31System~~ -- **System** security risk issues as well as other major system failures could disrupt our internal operations or information technology services, and any such disruption could negatively impact our **revenues** ~~net sales~~ , increase our expenses **,** and harm our reputation . Experienced computer programmers and hackers,...... use as part of our marketing strategy . Consumers are increasingly concerned over the security of personal information transmitted over the internet, consumer identity theft **,** and user privacy, and any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or breaches. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including " bugs " and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate security problems, viruses **,** and bugs, or any problems associated with our newly transitioned systems or outsourced services could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions. In addition to taking the necessary precautions ourselves, we require that third- party service providers implement reasonable security measures to protect our customers' identity and privacy as well as credit card information. We do not, however, control these third- party service providers and cannot guarantee that no electronic or physical computer break- ins and security breaches will occur in the future. We could also incur significant costs in complying with the multitude of state, federal **,** and foreign laws regarding the use and unauthorized disclosure of personal information, to the extent they are applicable. In the case of a disaster affecting our information technology systems, we may experience ~~delays~~ **30delays** 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 **.Experienced computer programmers** and ~~data stored in~~ **hackers,and even internal users,may be able to penetrate** our ~~technology systems~~ **network security** and ~~those~~ **misappropriate our confidential information or that** of ~~the~~ third parties ~~that we rely on~~ , **including** our ~~efforts may not be successful~~ **customers,enter into or facilitate fraudulent transactions,create system disruptions or cause shutdowns** .In addition,employee error,malfeasance ~~,~~ or other errors in the storage,use ~~,~~ or transmission of any such information could result in a disclosure to third parties outside of our network.As a result,we could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of our network. **In addition** ~~We have experienced and may continue to experience cybersecurity incidents~~ , ~~including an unsuccessful ransomware attack in February 2024,although to our knowledge~~ we **rely on third parties** ~~have not experienced any material incident or~~ **for the operation** ~~interruption to date.If such a significant event were to occur,it could result in a material disruption~~ of our **websites,and for the various social media tools and websites we use as part of our marketing strategy** . Changes in laws could make conducting our business more expensive or otherwise change the way we do business. We are subject to numerous domestic and international regulations, including labor and employment, customs, truth- in- advertising, consumer protection, data 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 to change or 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 to increased regulatory compliance requirements, changes in laws could make ordinary conduct of business more expensive or require us to change the way we do business. Laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, supervisory status, leaves of absence, mandated health benefits, overtime pay, unemployment tax rates and citizenship requirements, could negatively impact us, by increasing compensation and benefits costs, which would in turn reduce our profitability. 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. **If we fail to maintain an effective system of internal control, we may not be able to report our financial results accurately or in a timely fashion, and we may not be able to prevent fraud. In such case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, we are required to include in our Annual Report on Form 10- K our assessment of the effectiveness of our internal control over financial reporting. We have dedicated a significant amount of time and resources to comply with this legislation for the years ended December 31, 2023 and 2022, and will continue to do so for future fiscal periods. However, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the material weakness. We cannot be certain that our internal controls will become effective or that future material changes to our internal control over financial reporting will be effective. If we cannot adequately obtain and maintain the effectiveness of our internal control over financial reporting, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. Any such action could adversely affect our financial results and the market price of our common stock. Moreover, if we discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market' s confidence in our financial statements and harm our stock price. Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until we are no longer a " smaller reporting company. " At such time that an attestation is required,** 32