Risk Factors Comparison 2024-02-26 to 2023-02-27 Form: 10-K

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Our business, financial condition and operating results can be affected by a number of risks and uncertainties, whether currently known or unknown, any one or more of which could, directly or indirectly, cause our actual results of operations and financial condition to vary materially from past, or from anticipated future, results of operations and financial condition. The risks discussed below are not the only ones facing our business but do represent those risks that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition and results of operations. Risks Related to Our Business, Operations and Industry Our business depends on maintaining and strengthening our brand to attract new customers and generate and maintain ongoing demand for our products, and a significant reduction in such demand could harm our results of operations. The YETI name and premium brand image are integral to the growth of our business, as well as to the implementation of our strategies for expanding our business. Our success depends on the value and reputation of our brand, **which** is rooted in passion for the outdoors. To sustain long- term growth, we must continue to successfully promote our products to consumers who align with the values of our brand, as well as to individuals who simply value products of uncompromising quality and design. Our ability to execute our marketing and growth strategy depends on many factors, such as the quality, design, performance, functionality, and durability of our products, the image **and reputation** of our e- commerce platform ~~and~~ **, the design of our** retail partner floor spaces, **the impact of** our communication activities, including advertising, social media, and public relations, and our management of the customer experience, including direct interfaces through customer service. Maintaining, promoting, and positioning our brand are important to expanding our customer base and will depend largely on the success of our marketing and merchandising efforts and our ability to provide consistent, high- quality customer experiences. We have made, and we expect that we will continue to make, significant investments in promoting our products and attracting new customers, including through the use of corporate partnerships, YETI Ambassadors, traditional, digital, and social media, original YETI films, and participation in, and sponsorship of, community events. Marketing campaigns can be expensive and may not result in the cost- effective acquisition of customers. Ineffective marketing, ongoing and sustained promotional activities, negative publicity, product diversion to unauthorized distribution channels, product or manufacturing defects, **product recalls,** counterfeit products, unfair labor practices, and failure to protect the intellectual property rights in our brand are some of the potential threats to the strength of our brand, and those and other factors could rapidly and severely diminish customer confidence in us. Furthermore, these factors could cause our customers to lose the personal connection they feel with the YETI brand. Actions taken by individuals that we partner with, such as YETI ambassadors, influencers or our associates, that fail to represent our brand in a manner consistent with our brand image, whether through our social media platforms or their own, could also harm our brand reputation and materially impact our business. Further, as our brand becomes more widely known, future marketing campaigns may not attract new customers at the same rate as past campaigns. Inflation ~~and rising~~ **or higher** product costs may also affect our ability to provide products in a cost- effective manner and hinder us from attracting new customers. If we are unable to attract new customers, or fail to do so in a cost- effective manner, our growth could be slower than we expect and our business could be harmed. If we are unable to successfully design, develop and market new products, our business may be harmed. The market for products in the outdoor and recreation products industry is characterized by new product introductions, frequent enhancements to existing products, and changing customer demands, needs and preferences. To maintain and increase sales, we must continue to introduce new products and improve or enhance our existing products on a timely basis to respond to new and evolving consumer preferences. The success of our new and enhanced products depends on many factors, including anticipating consumer preferences, finding innovative solutions to consumer problems, differentiating our products from those of our competitors, and maintaining the strength of our brand. The design and development of our products is costly, and we typically have several products in development at the same time. Problems in the design or quality of our products, or delays in product introduction, may harm our brand, business, financial condition, and results of operations. Any new products that we develop and market may not generate sufficient revenues to recoup their development, production, marketing, selling and other costs. Our business could be materially harmed if we are unable to accurately forecast our growth rate and demand for our products. To ensure adequate inventory supply, we must forecast inventory needs and place orders with our manufacturers before firm orders are placed by our customers. Forecasts are particularly challenging as we expand into new markets and geographies, develop and market new products, and face ~~further~~ **uncertainties related to consumer discretionary spending and general market conditions, including sustained high interest rates and inflation rates, and** uncertainty related to ~~the current market conditions, including uncertainty related to interest rates, inflation rates, and~~ geopolitical events **, including the recent conflict in the Red Sea** . Our historical sales, expense levels, and profitability may not be an appropriate basis for forecasting future results. If we fail to accurately forecast customer demand, including relating to our expected growth, we may experience excess inventory levels or a shortage of product to deliver to our customers. Failure to accurately forecast our results of operations and growth rate could also cause us to make poor operating decisions and we may not be able to adjust in a timely manner. Consequently, actual results could be materially lower than anticipated. Even if the markets in which we compete expand, we cannot assure you that our business will grow at similar rates, ~~if~~ **or** at all. Factors that could affect our ability to accurately forecast demand for our products include: (a) an increase or decrease in consumer demand for our products; (b) our failure to accurately forecast consumer acceptance for our new products; (c) product introductions by competitors; (d) unanticipated changes in general market conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders or at- once orders placed by retailers; (e) ~~the impact~~ **impacts** on consumer demand due to unseasonable weather conditions; (f) weakening economic conditions or consumer confidence in future economic conditions or inflationary conditions resulting in rising prices, which could each reduce demand for discretionary items, such as our products; and (g) terrorism or acts of war, or the threat thereof, or political or labor instability or unrest, riots, or public health crises, which could adversely affect consumer confidence and spending or interrupt production and distribution of product and raw materials. Inventory levels in excess of customer demand may result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could impair our brand image and harm our gross margin. In addition, if we underestimate the demand for our products, our manufacturers may not be able to produce products to meet our customer requirements, and this could result in delays in the shipment of our products and our ability to recognize revenue, lost sales, as well as damage to our reputation and retailer and distributor relationships. Difficulty in forecasting demand ~~, which we have encountered as a result of global supply chain constraints,~~ also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely impact our profitability or cause us not to achieve our expected financial results. We may not be able to effectively manage our growth. As we grow our business, slower growing or reduced demand for our products, increased competition, a decrease in the growth rate of our overall market, failure to develop and successfully market new products, or the maturation of our business or market could harm our business. We have made and expect to continue to make significant investments in our **business. We plan to continue to** ~~research and development and sales and marketing organizations,~~ expand our operations and infrastructure both domestically and internationally ~~,~~ **. We also intend to continue to** design ~~and~~ **,** develop **, and market** new products ~~,~~ and ~~enhance~~ **make enhancements to** our existing products. If our sales do not increase at a sufficient rate to offset these increases in our operating expenses, our profitability may decline in future periods. We have expanded our operations **and** ~~rapidly since our inception. Our~~ employee headcount **,** and the scope and complexity of our business have increased substantially over the past several years. We have only a limited history operating our business at its current scale. ~~Our management team does not have substantial tenure working together.~~ Consequently, if our operations continue to grow at a rapid pace, we may experience difficulties in managing ~~this~~ **our** growth and building the appropriate processes and controls. Future rapid growth may increase the strain on our resources, and we could experience operating difficulties, including difficulties in sourcing, logistics, recruiting, maintaining internal controls, marketing, designing innovative products, and meeting consumer needs. If we do not adapt to meet these evolving challenges, the strength of our brand may erode, the quality of our products may suffer, we may not be able to deliver products on a timely basis to our customers, and our corporate culture may be harmed. Our growth depends, in part, on expanding into additional consumer markets, and we may not be successful in doing so. We believe that our future growth depends not only on continuing to reach our current core demographic, but also continuing to broaden our retail partner and customer base. The growth of our business will depend, in part, on our ability to continue to expand our retail partner and customer bases in the United States, as well as in international markets, including Canada, Australia, Europe, and Japan. In these markets, we may face challenges that are different from those we currently encounter, including competitive, merchandising, distribution, hiring, and other difficulties. We may also encounter difficulties in attracting customers due to a lack of consumer familiarity with or acceptance of our brand, or a resistance to paying for premium products, particularly in international markets. We continue to evaluate marketing efforts and other strategies to expand the customer base for our products. In addition, although we are investing in sales and marketing activities to further penetrate newer regions, including expansion of our dedicated sales force, we cannot assure you that we will be successful. If we are not successful, our business and results of operations may be harmed. The markets in which we compete are highly competitive and include numerous other brands and retailers that offer a wide variety of products that compete with our products; if we fail to compete effectively, we could lose our market position. The markets in which we compete are highly competitive, with low barriers to entry. Numerous other brands and retailers offer a wide variety of products that compete with our coolers, drinkware, and other products, including our bags, cargo, and outdoor lifestyle products and accessories. Competition in these product markets is based on a number of factors including product quality, performance, durability, styling, brand image and recognition, and price. ~~We believe that we are one of the market leaders in both the U. S. premium cooler and U. S. premium stainless- steel drinkware markets. We believe that we have been able to compete successfully largely on the basis of our brand, superior design capabilities, and product development, as well as on the breadth of our independent retailers, national, and regional retail partners, and growing DTC channel.~~ Our competitors may be able to develop and market higher quality products that compete with our products, sell their products for lower prices, adapt to changes in consumers' needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us. In addition, as we expand into new product categories, we have faced, and will continue to face, different and, in some cases, more formidable competition. We believe many of our competitors and potential competitors have significant competitive advantages, including longer operating histories, ability to leverage their sales efforts and marketing expenditures across a broader portfolio of products, global product distribution, larger and broader ~~retailer bases~~ - **base of retail partners** , more established relationships with a larger number of suppliers and manufacturing partners, greater brand recognition, larger or more effective brand ambassador and endorsement relationships, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do. Some of our competitors may aggressively discount their products or offer other attractive sales terms in order to gain market share, which could result in pricing pressures, reduced profit margins, or lost market share. If we are not able to overcome these potential competitive challenges, effectively market our current and future products, and otherwise compete effectively against our current or potential competitors, our prospects, results of operations, and financial condition could be harmed. In addition, our customers have become increasingly technologically savvy and expect a seamless omni- channel experience regardless of whether they are shopping in stores or online. Innovation by existing or new competitors could alter the competitive landscape by improving the customer experience and heightening customer expectations or by transforming other aspects of their business through new technologies. If we are unable to develop and continuously improve our technologies, the efforts of which typically require significant capital investments, we may not be able to provide a convenient and consistent experience to our customers, which could negatively affect our ability to compete with other retailers and could result in diminished loyalty to our brands, which could adversely impact our business **. Our future success depends on the continuing efforts of our management and key employees, and on our ability to attract and retain highly skilled personnel and senior management. We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful in attracting, integrating, and retaining the personnel required to grow and operate our business effectively. There can be no assurance that our current management team or any new members of our management team will be able to successfully execute our business and operating strategies** . Unauthorized use or invalidation of our patents, trademarks, copyrights, trade dress, trade secrets, or other intellectual property or proprietary rights may cause significant damage to our brand and harm our results of operations. As our business continues to expand, our competitors have imitated or attempted to imitate, and will likely continue to imitate or attempt to imitate, our product designs and branding, which could harm our business and results of operations. Only a portion of the intellectual property used in the manufacture and design of our products is patented, and we therefore rely significantly on trade secrets, trade and service marks, trade dress, and the strength of our brand. We regard our patents, trade dress, trademarks, copyrights, trade secrets, and similar proprietary rights as critical to our success. We also rely on trade secret protection and confidentiality agreements with our employees, consultants, suppliers, manufacturers, and others to protect our proprietary rights. Nevertheless, the steps we take to protect our proprietary rights against infringement or other violation may be inadequate, and we may experience difficulty in effectively limiting the unauthorized use of our patents, trademarks, trade dress, and other intellectual property and proprietary rights worldwide. We also cannot guarantee that others will not independently develop technology with the same or similar function to any proprietary technology we rely on to conduct our business and differentiate ourselves from our competitors. Because a significant portion of our products are manufactured overseas in countries where counterfeiting is more prevalent, and we intend to increase our sales overseas over the long term, we may experience increased counterfeiting of our products. Unauthorized use or invalidation of our patents, trademarks, copyrights, trade dress, trade secrets, or other intellectual property or proprietary rights may cause significant damage to our brand and harm our results of operations. In addition, except in some of the situations where we have a supply contract, our arrangements with our manufacturers are not exclusive. As a result, our manufacturers could produce similar products for our competitors, some of which could potentially purchase products in significantly greater volume. Further, while certain of our long- term contracts stipulate contractual exclusivity, those manufacturers could choose to breach our agreements and work with our competitors. Our competitors could enter into restrictive or exclusive arrangements with our manufacturers that could impair or eliminate our access to manufacturing capacity or supplies. While we actively develop and protect our intellectual property rights, there can be no assurance that we will be adequately protected in all countries in which we conduct our business or that we will prevail when defending our patent, trademark, and proprietary rights. Additionally, we could incur significant costs and management distraction in pursuing claims to enforce our intellectual property rights through litigation and defending any alleged counterclaims. If we are unable to protect or preserve the value of our patents, trade dress, trademarks, copyrights, or other intellectual property rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged, and our business may be harmed. We may be subject to liability if we infringe upon the intellectual property rights of third parties. Third parties **have sued us and** may **in the future** sue us for alleged infringement of their proprietary rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we ~~could~~ **have been, and may in the future** be **,** forced to incur substantial costs and devote significant management resources to defend against such litigation, even if the claims are meritless and even if we ultimately prevail. If the party claiming infringement were to prevail, we could be forced to modify or discontinue our products, pay significant damages, or enter into expensive royalty or licensing arrangements with the prevailing party. In addition, any payments we are required to make, and any injunction we are required to comply with as a result of such infringement, could harm our reputation and financial results. We rely on third- party contract manufacturers, and problems with, or loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations. Our products are produced by third- party contract manufacturers, typically through a series of purchase orders. Manufacturers may breach our agreements with them, including purchase orders, and we may not be able to enforce our rights under these agreements or may incur significant costs attempting to do so. We therefore face the risk that these third- party contract manufacturers may not produce and deliver our products in adequate quantities, on a timely basis or at all, or that they will fail to comply with our quality standards. We have experienced, and will likely continue to experience, operational difficulties with our manufacturers. These difficulties include reductions in the availability of production capacity, errors in complying with product specifications and regulatory and customer requirements, insufficient quality control, failures to meet production deadlines, failure to achieve our product quality standards, increases in costs of materials, and manufacturing or other business interruptions. The ability of our manufacturers to effectively satisfy our production requirements could also be impacted by manufacturer financial difficulty or damage to their operations caused by fire, terrorist attack, riots, natural disaster, public health emergencies, or other events. The failure of any manufacturer to perform to our expectations could result in supply shortages or delays for certain products and harm our business. If we experience significantly increased demand, or if we need to replace an existing manufacturer due to lack of performance, we may be unable to supplement or replace our manufacturing capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. For certain of our products, it may take a significant amount of time to identify and qualify a manufacturer that has the capability and resources to produce our products to our specifications in sufficient volume and satisfy our service and quality control standards. In addition, our manufacturers may raise prices in the future, which would increase our costs and harm our margins. Any of these risks could harm our ability to deliver our products on time, or at all, damage our reputation and our relationships with our retail partners and customers, and increase our product costs thereby reducing our margins. The capacity of our manufacturers to produce our products is also dependent upon the availability of raw materials. Our manufacturers may not be able to obtain sufficient supply of raw materials, which could result in delays in deliveries of our products by our manufacturers or increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost- efficient, timely manner and could cause us to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and results of operations. If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our retail partners and customers, our business and results of operations could be harmed. Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third- party contract manufacturers and the delivery of our products to our retail partners and customers. Our third- party contract manufacturers ship most of our products to our distribution centers in Memphis, Tennessee, and Salt Lake City, Utah. Our reliance on only two geographical locations for our domestic distribution centers makes us more vulnerable to natural disasters, weather- related disruptions, accidents, system failures, public health emergencies, or other unforeseen events that could delay or impair our ability to fulfill retailer orders and / or ship merchandise purchased on our website, which could harm our sales. We import our products, and rely on the timely and free flow of goods through open and operational ports from our suppliers and manufacturers. Accordingly, we are subject to certain risks, including labor disputes, union organizing activity, inclement weather, public health crises, and increased transportation costs, associated with our third- party contract manufacturers' and carriers' ability to provide products and services to meet our requirements. Such events could result in delayed or canceled orders by customers, unanticipated inventory accumulation or shortages, and harm to our business, results of operations, and financial condition. We are also vulnerable to risks associated with products manufactured abroad, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, container and labor shortages, and inspection processes or other port- of- entry limitations or restrictions. Global events may also impact the import of our products. For example, ~~as a result of Russia' s invasion of Ukraine~~ in ~~March 2022~~ **response to such global events** , **certain** ~~the United States and other~~ governments have **, and may again in the future,** ~~implemented~~ -- **implement** ~~coordinated~~ sanctions, seizures of assets, ~~and~~ **or** export ~~–~~control ~~measure packages. These~~ measures, **which could** ~~and the global response to the invasion, resulted~~ -- **result** in **higher costs** ~~increased fuel prices. Although we do not do business in Ukraine~~ , ~~downstream effects of~~ **inventory shortages, or both. In addition,** the **recent** conflict ~~have resulted~~ in ~~higher fuels costs~~ **the Red Sea has disrupted shipping routes** , which has **caused us** ~~resulted in, and could continue~~ to ~~result in, higher~~ **begin experiencing shipping delays and increased freight** costs ~~to deliver products, which could harm~~ **. Although such effects have not materially impacted** our ~~profitability~~ **business to date, such conditions could worsen** . In order to meet demand for a product, we have chosen in the past, and may choose in the future, to arrange for additional quantities of the product, if available, to be delivered through air freight, which is significantly more expensive than standard shipping by sea and, consequently, adversely impacts our gross margins. In addition, we rely upon independent land- based and air freight carriers for product shipments from our distribution centers to our retail partners and customers who purchase through our DTC channel. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to retail partners or customers in a timely and cost- effective manner. Failure to procure our products from our third- party contract manufacturers and deliver merchandise to our retail partners and DTC channel in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business. Our business is subject to the risk of manufacturer concentrations. We ~~depend on a limited number~~ **are exposed to risk due to our concentration** of **business activity with certain** third- party contract manufacturers ~~for the sourcing~~ of our products. For ~~hard~~ coolers **& equipment** ~~, soft coolers, Drinkware, bags, cargo, and outdoor living and pet~~ products, our two largest manufacturers comprised approximately ~~72~~ **44** % ~~, 85 %, 80 %, 86 %, 89 % and 90 % respectively,~~ of our production volume during ~~2022~~ **2023 . For drinkware, our two largest manufacturers comprised approximately 73 % of our production volume during 2023** . As a result of this concentration in our supply chain, our business and operations would be negatively affected if any of our key manufacturers were to experience significant disruption affecting the price, quality, availability, or timely delivery of products. Our manufacturers could also be acquired by our competitors and may become our direct competitors, thus limiting or eliminating our access to manufacturing capacity. The partial or complete loss of our key manufacturers, or a significant adverse change in our relationship with any of these manufacturers, could result in lost sales, added costs, and distribution delays that could harm our business and customer relationships. Our business could be harmed if we fail to execute our internal plans to transition our supply chain and certain other business processes to a global scale. We **continually assess, and** ~~are in the process of~~ re- ~~engineering~~ --- **engineer** ~~certain of~~ **as needed,** our supply chain management **and** ~~processes, as well as certain other~~ business processes ~~,~~ to support our expanding scale. ~~This~~ **Our** expansion to a global scale requires significant investment of capital and human resources, the ~~re-engineering~~ **adaptation and evolution** of many business processes, and the attention of many managers and other employees who would otherwise be focused on other aspects of our business. If our globalization efforts fail to produce planned efficiencies, or **are** ~~the transition is~~ not managed effectively, we may experience excess inventories, inventory shortage, late deliveries, lost sales, or increased costs. Any business disruption arising from our globalization efforts, or our failure to effectively execute our internal plans ~~for globalization~~ **to expand globally** , could harm our results of operations and financial condition. If we cannot maintain prices or effectively implement price increases, our margins may decrease. ~~Increasing demand, supply constraints, inflation, and other market conditions have resulted in increasing shortages and higher costs for the production of some of our products, leading us to implement a price increase for certain of our products effective in 2022.~~ Our ability to maintain prices or effectively implement price increases ~~, including our recent price increases in 2022,~~ may be affected by several factors, including pricing pressure due to intense competition in the retail industry, effectiveness of our marketing programs, the continuing growth of our brand, general economic conditions, and changes in consumer demand. During challenging economic times, consumers may be less willing or able to pay a price premium for our branded products and may shift purchases to lower- priced or other value offerings, making it more difficult for us to maintain prices and / or effectively implement price increases. In addition, our retail partners and distributors may pressure us to rescind price increases we have announced or already implemented, whether through a change in list price or increased promotional activity. If we cannot maintain prices or effectively implement price increases for our products, or must increase promotional activity, our margins may be adversely affected. Furthermore, price increases generally result in volume losses, as consumers purchase fewer units. If such losses are greater than expected or if we lose distribution due to a price increase, our business, financial condition and results of operations may be materially and adversely affected. Fluctuations in the cost and availability of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs. The price and availability of key components used to manufacture our products, including polyethylene, polyurethane foam, stainless- steel, polyester fabric, zippers, and other plastic materials and coatings, as well as manufacturing equipment and molds, may fluctuate significantly. ~~Increasing demand, supply constraints, and inflation have resulted in shortages and higher costs for the production of some of our products.~~ In addition, the cost of labor at our third- party contract manufacturers **and third- party logistics providers** could increase significantly ~~. For example, manufacturers in China have experienced increased costs in recent years due to shortages of labor and fluctuations of the Chinese yuan in relation to the U. S. dollar~~ . Additionally, the cost of logistics and transportation fluctuates in large part due to the price of oil and available capacity. **Global political conditions, threatened or actual acts of war or terrorism, instability or other disruptions in oil producing regions, such as in the Middle East, South America and Europe, and trade, economic or other disagreements involving oil producing nations, can significantly affect, and recently have significantly affected the price of oil.** Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs related to our raw materials or products could harm our gross margins and our ability to meet customer demand. **For example** ~~As a result of Russia' s invasion of Ukraine in March 2022~~ , ~~the United States and other~~ -- **the** ~~governments~~ **recent conflict in the Red Sea has disrupted shipping routes, which has caused us to begin experiencing shipping delays and increased freight costs. Although such effects** have **not materially** ~~implemented coordinated sanctions, seizures of assets, and export- control measure packages. These measures, and the global response to the invasion, have resulted in increased oil prices and logistics costs, and may negatively impact~~ **impacted** ~~the prices of~~ our **business** ~~raw materials we use~~ to ~~manufacture our products~~ **date, such conditions could worsen** . If we are unable to successfully mitigate a significant portion of these product cost increases or fluctuations, our results of operations could be harmed. Many of our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, political and public health risks associated with international trade and those markets. Many of our core products are manufactured in China, the Philippines, Vietnam, Taiwan, Poland, Mexico, Thailand, and Malaysia. In addition, we have other key third- party manufacturing partners in Mexico and Italy. Our reliance on suppliers and manufacturers in foreign markets creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and laws relating to the importation and taxation of goods; (b) weaker protection for intellectual property and other legal rights than in the United States, and practical difficulties in enforcing intellectual property and other rights outside of the United States; (c) compliance with U. S. and foreign laws relating to foreign operations, including the U. S. Foreign Corrupt Practices Act (" FCPA "), the UK Bribery Act 2010 (" Bribery Act "), regulations of the U. S. Office of Foreign Assets Controls (" OFAC "), and U. S. anti- money laundering regulations, which respectively prohibit U. S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business, operating in certain countries, or maintaining business relationships with certain restricted parties as well as engaging in other corrupt and illegal practices; (d) economic and political instability and acts of terrorism in the countries where our suppliers are located; (e) public health crises, such as pandemics and epidemics, in the countries where our suppliers and manufacturers are located; (f) transportation interruptions or increases in transportation costs; and (g) the imposition of tariffs or non- tariff barriers on components and products that we import into the United States or other markets. Further, we cannot assure you that our directors, officers, employees, representatives, manufacturers, or suppliers have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our manufacturers, suppliers, or other business partners have not engaged and will not engage in conduct that could materially harm their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, the Bribery Act, OFAC restrictions, or other export control, anti- corruption, anti- money laundering, and anti- terrorism laws or regulations may result in severe criminal or civil penalties, and we may be subject to other related liabilities, which could harm our business, financial condition, cash flows, and results of operations. **If** ~~As current tariffs are implemented, or if~~ additional tariffs or other restrictions are placed on foreign imports or any related counter- measures are taken by other countries, our business and results of operations could be harmed. Most of our imported products are subject to duties, indirect taxes, quotas and non- tariff trade barriers, any of which may limit the quantity of products that we may import into the U. S. and other countries or may impact the cost of such products. To maximize opportunities, we rely on free trade agreements and other supply chain initiatives, and, as a result, we are subject to government regulations and restrictions with respect to our cross- border activity. For example, we have historically received benefits from duty- free imports on certain products from certain countries pursuant to the Global System of Preferences (" GSP ") program. The GSP program expired on December 31, 2020, resulting in additional duties and negatively impacting gross margin. **If** ~~YETI expects~~ the GSP program ~~to be~~ **is not** renewed and made retroactive ~~; however if this does not occur~~, it will continue to have a negative impact on our expected results. Additionally, we are subject to government regulations relating to importation activities, including related to U. S. Customs and Border Protection (" CBP ") withhold release orders. The imposition of taxes, duties and quotas, the withdrawal from or material modification to trade agreements, and / or if CBP detains shipments of our goods pursuant to a withhold release order could have a material adverse effect on our business, results of operations and financial condition. ~~Current and potential additional tariffs~~ **Tariffs** have the potential to significantly raise the cost of our products, particularly our Drinkware. In such a case, there can be no assurance that we will be able to shift manufacturing and supply agreements to non- impacted countries, including the United States, to reduce the effects of the tariffs. As a result, we may suffer margin erosion or be required to raise our prices, which may result in the loss of customers, negatively impact our results of operations, or otherwise harm our business. In addition, the imposition of tariffs on products that we export to international markets could make such products more expensive compared to those of our competitors if we pass related additional costs on to our customers, which may also result in the loss of customers, negatively impact our results of operations, or otherwise harm our business. ~~Failure~~ **Our aspirations, disclosures, and actions related** to ~~appropriately address emerging~~ environmental, social and governance **(" ESG ")** matters **expose us to risks that** could ~~have a material adverse~~ **adversely affect** ~~impact on~~ our reputation and **performance** ~~, as a result, our business~~. There is an increased focus from investors, customers, associates, business partners and other stakeholders concerning **ESG** ~~environmental, social and governance~~ matters. The expectations related to **ESG** ~~environmental, social and governance~~ matters are rapidly evolving, and we announce initiatives and goals related to **ESG** ~~environmental, social and governance~~ matters from time to time. We ~~could fail in~~ **have established and publicly announced certain ESG goals, including our commitments to advancing racial and ethnic diversity,** achieving **gender parity within** ~~our environmental, social and governance initiatives or~~ **our workforce and reducing our greenhouse gas emissions. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our failure to accomplish or accurately track and report on these** goals ~~or fail, or be perceived to fail, to act responsibly in our environmental, social and governance efforts or in accurately reporting our progress~~ on **a timely basis,** ~~our~~ - **or** ~~initiatives~~ **at all, could adversely affect our reputation, financial performance** and ~~goals~~ **growth, and expose us to increased scrutiny from the investment community as well as enforcement authorities** . In addition, we could be criticized for the scope of **our ESG initiatives or goals. Our ability to achieve any ESG objective is subject to numerous risks, many of which are outside of our control. Examples of** such ~~initiatives~~ **risks include: • the availability and cost of alternative energy sources; • the evolving regulatory requirements affecting ESG practices and / or disclosures; • the availability of suppliers that can meet** ~~or~~ **our sustainability, diversity and other ESG standards; • our ability to recruit, develop and retain diverse talent in our labor markets; • the locations and usage of our products and the implications on their greenhouse gas emissions; and • the success of our organic growth and acquisitions. Standards for tracking and reporting ESG matters are relatively new, have not been formalized and continue to evolve. Collecting, measuring, and reporting ESG information and metrics can be difficult and time consuming. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. This may result in a lack of consistent or meaningful comparative data from period to period or between YETI and other companies in the same industry. In addition, our processes and controls may not comply with evolving standards for identifying, measuring and reporting ESG metrics, including ESG- related disclosures that may be required of public companies by the SEC and other regulators, and such standards may change over time, which could result in significant revisions to our current** goals ~~.~~ **, reported progress in achieving** ~~Such~~ **such** ~~events~~ **goals, or ability to achieve such goals in the future, and** could cause us to ~~suffer~~ **undertake costly initiatives to satisfy such new criteria. If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment, business partner, acquiror or supplier could be negatively impacted. Further, our failure or perceived failure to pursue or fulfill our goals and objectives or to satisfy various reporting standards on a timely basis, or at all, could have similar** negative ~~publicity and our reputation could be adversely impacted, which in turn could have a negative impact~~ **impacts** ~~on investor perception and our~~ - **or** ~~appeal~~ **expose us** to **government enforcement actions** ~~consumers. This may also impact our ability to attract~~ and **private litigation** ~~retain talent to compete in the marketplace~~. Climate change, and related legislative and regulatory responses to climate change, may adversely impact our business. As climate change and other environmental concerns become more prevalent, federal, state and local governments, non- governmental organizations and our customers, consumers and investors are increasingly concerned about these issues. New governmental requirements or changing consumer preferences could negatively impact our ability to obtain raw materials or increase our acquisition and compliance costs, which could make our products more costly, less ~~competitive~~ **attractive to consumers** than other competitive products or reduce consumer demand. We could also lose revenue if our consumers change brands or our customers move business from us because we have not complied with their preferences and investors may choose not to invest in our securities if we do not comply with their business expectations. Significant changes in weather patterns, including an increase in the frequency, severity and duration of extreme weather conditions and natural disasters, could also directly impact our business. Physical risks related to these events could disrupt the operation of our supply chain and the productivity of our manufacturers, increase our production costs, impose capacity restraints or impact the types of products that consumers purchase. These events could also compound adverse economic conditions and impact consumer confidence and discretionary spending. As a result, the physical effects of climate change could have a long- term adverse impact on our business and results of operations. A significant portion of our sales are to **national, regional, and** independent retail partners **in our wholesale channel** . If these ~~independent~~ retail partners cease to promote or carry our current products or choose not to promote or carry new products that we develop, our brand as well as our results of operations and financial condition could be harmed. We sell a significant amount of our products through ~~knowledgeable~~ **our wholesale channel, consisting of** national, regional, and independent retail partners **. In 2023** , ~~representing approximately 12~~ **our wholesale channel accounted for 40** % ~~,~~ of our ~~gross~~ **net** sales ~~for both 2021 and 2022~~ . **No single** ~~For both 2021 and 2022, one national~~ retail partner accounted for ~~approximately~~ 10 % **or more** ~~and 11 %~~ of our gross sales ~~, respectively~~ **in 2023** . Because we are a premium brand, our sales depend, in part, on retail partners effectively displaying our products, including providing attractive space and point of purchase displays in their stores, and training their sales personnel to sell our products. If our retail partners reduce or terminate those activities, we may experience reduced sales of our products, resulting in lower gross margins, which would harm our results of operations. Our relationships with these retail partners are important to the authenticity of our brand and the marketing programs we continue to deploy. Our failure to maintain these relationships with our retail partners or financial difficulties experienced by these retail partners could harm our business. These retail partners may decide to emphasize products from our competitors, to redeploy their retail floor space to other product categories, or to take other actions that reduce their purchases of our products. We do not receive long- term purchase commitments from **many of** our ~~independent~~ retail partners, and orders received from our ~~independent~~ retail partners are **often** cancellable. Factors that could affect our ability to maintain or expand ~~our~~ sales **in our wholesale channel** ~~to these independent retail partners~~ include: (a) failure to accurately identify the needs of our customers; (b) a lack of customer acceptance of new products or product expansions; (c) unwillingness of our ~~independent~~ retail partners and customers to attribute premium value to our new or existing products or product expansions relative to competing products; (d) failure to obtain shelf space from our retail partners; (e) new, well- received product introductions by competitors; (f) damage to our relationships with ~~independent~~ retail partners due to brand or reputational harm; (g) delays or defaults on our retail partners' payment obligations to us; (h) store closures, decreased foot traffic, or other adverse effects resulting from public health crises; and (i) economic conditions, including levels of consumer discretionary spending, which may be impacted by ~~rising~~ **high** inflation, unemployment and interest rates. We cannot assure you that our ~~independent~~ retail partners will continue to carry our current products or carry any new products that we develop. If these risks occur, they could harm our brand as well as our results of operations and financial condition. If our plans to increase sales through our DTC e- commerce channel are not successful, our business and results of operations could be harmed. For ~~2022~~ **2023** , our DTC channel accounted for ~~58~~ **60** % of our net sales, and our sales through the Amazon Marketplace represented approximately ~~13~~ **15** % of our net sales. Part of our growth strategy involves increasing sales through our DTC e- commerce channel. The level of customer traffic and volume of customer purchases through our country and region- specific YETI websites or other e- commerce initiatives are substantially dependent on our ability to provide a content- rich and user- friendly website, a hassle- free customer experience, sufficient product availability, and reliable, timely delivery of our products. If we are unable to maintain and increase customers’ use of our website, allocate sufficient product to our website, and increase any sales through our website, our continued DTC channel growth, our business, and results of operations could be harmed. Furthermore, any adverse change in our relationship with Amazon, including restrictions on the ability to offer products on the Amazon Marketplace or termination of the relationship, could adversely affect our continued DTC channel growth, our business, and results of operations. Our DTC business subjects us to numerous other risks, including, but not limited to, (i) U. S. or international resellers purchasing our merchandise and reselling it outside of our control, (ii) failure of our DTC operating and support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break- ins and similar disruptions, (iii) credit card fraud, (iv) diversion of sales from our wholesale customers, (v) difficulty recreating the in- store experience through e- commerce channels, (vi) liability for online content, (vii) changing patterns of consumer behavior and (viii) intense competition from other online retailers. Our failure to successfully respond to these risks might adversely affect sales in our DTC channel, as well as damage our reputation and brand. We currently have a limited number of country and region- specific YETI websites and ~~are planning~~ **have plans** to expand our e- commerce platform to others. **Expanding into** ~~These~~ **these** countries **and regions** may impose different and evolving laws governing the operation and marketing of e- commerce websites, as well as the collection, storage, and use of information on customers interacting with those websites. We may incur additional costs and operational challenges in complying with these laws, and differences in these laws may cause us to operate our business differently, and less effectively, in different territories. If so, we may incur additional costs and may not fully realize the investment in our international expansion. If we do not successfully implement our ~~future~~ retail store expansion **plans** , our growth and profitability could be harmed. We have and may continue to expand our existing DTC channel by opening new retail stores. ~~We currently~~ **As of December 30, 2023, we** ~~operate~~ **operated** ~~thirteen~~ **18** retail stores across ~~eight~~ **11** states. Our ability to open new retail stores in a timely manner and operate them profitably depends on a number of factors, many of which are beyond our control, including: • our ability to manage the financial and operational aspects of our retail growth strategy, including making appropriate investments in our software systems, information technology, and operational infrastructure; • our ability to identify suitable locations, including our ability to gather and assess demographic and marketing data to accurately determine customer demand for our products in the locations we select; • our ability to negotiate favorable lease agreements; • our ability to properly assess the potential profitability and payback period of potential new retail store locations; • the availability of financing on favorable terms; • our ability to secure required governmental permits and approvals and our ability to effectively comply with state and local employment and labor laws, rules, and regulations; • our ability to hire and train skilled store operating personnel, especially management personnel; • the availability of construction materials and labor and the absence of significant construction delays or cost overruns; • our ability to provide a satisfactory mix of merchandise that is responsive to the needs of our customers living in the areas where new retail stores are established; • our ability to establish a supplier and distribution network able to supply new retail stores with inventory in a timely manner; • our competitors, or our retail partners, building or leasing stores near our retail stores or in locations we have identified as targets for a new retail store; • customer demand for our products; ~~• governmental orders~~

~~requiring adherence to social distancing practices, temporary store closures, or reduced hours;~~ and • general economic and business conditions affecting consumer confidence and spending and the overall strength of our business. We ~~have limited experience in~~ **may not be able to successfully address the risks that** opening retail stores ~~and may not be able to successfully address the risks that they entail~~ **entails** . In order to pursue our retail store strategy, we will be required to expend significant cash resources prior to generating any sales in these stores. We may not generate sufficient sales from these stores to justify these expenses, which could harm our business and profitability. The substantial management time and resources, which any future retail store expansion strategy may require, could also result in disruption to our existing business operations, which may decrease our net sales and profitability. Insolvency, credit problems or other financial difficulties that could confront our retail partners could expose us to financial risk. We sell to the large majority of our retail partners on open account terms and do not require collateral or a security interest in the inventory we sell them. Consequently, our accounts receivable with our retail partners are unsecured. Insolvency, credit problems, or other financial difficulties confronting our retail partners could expose us to financial risk. These actions could expose us to risks if they are unable to pay for the products they purchase from us. Financial difficulties of our retail partners could also cause them to reduce their sales staff, use of attractive displays, number or size of stores, and the amount of floor space dedicated to our products. Further, ~~the current~~ economic **conditions resulting** ~~environment has resulted~~ in ~~severely~~ diminished liquidity ~~and~~ **or** credit availability, increases in inflation rates, rising interest rates, declines in consumer confidence, declines in economic growth, ~~and~~ **or** uncertainty about economic stability, ~~any of which~~ may lead to a material reduction in sales of our products by our retail partners. Any reduction in sales by, or loss of, our current retail partners or customer demand, or credit risks associated with our retail partners, could harm our business, results of operations, and financial condition. If our independent suppliers and manufacturing partners do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations could be harmed. Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retail partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retail partners and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations. We are subject to payment- related risks that may result in higher operating costs or the inability to process payments, either of which could harm our business, financial condition and results of operations. For our DTC sales, as well as for sales to certain retail partners, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us, or if the cost of using these providers increases, our business could be harmed. We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition and results of operations. Our plans for international expansion may not be successful; our limited operating experience and limited brand recognition in new markets may make it more difficult to execute our expansion strategy and cause our business and growth to suffer. Continued expansion into markets outside the United States, including Canada, Australia, Europe and Japan, is one of our key long- term strategies for the future growth of our business. There are, however, significant costs and risks inherent in selling our products in international markets, including: (a) failure to effectively translate and establish our core brand identity, particularly in markets with a less- established heritage of outdoor and recreational activities; (b) time and difficulty in building a widespread network of retail partners; (c) increased shipping and distribution costs, which could increase our expenses and reduce our margins; (d) potentially lower margins in some regions; (e) longer collection cycles in some regions; (f) increased competition from local providers of similar products; (g) compliance with foreign laws and regulations, including taxes and duties, enhanced privacy laws, rules, and regulations, and product liability laws, rules, and regulations, particularly in the European Union and Japan; (h) establishing and maintaining effective internal controls at foreign locations and the associated increased costs; (i) increased counterfeiting and the uncertainty of protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad; (j) compliance with anti- bribery, anti- corruption, sanctions, and anti- money laundering laws, such as the FCPA, the Bribery Act, and OFAC regulations, by us, our employees, and our business partners; (k) currency exchange rate fluctuations and related effects on our results of operations; (l) economic weakness, including inflation, or political instability in foreign economies and markets; (m) compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad; (n) workforce uncertainty in countries where labor unrest is more common than in the United States; (o) business interruptions resulting from geopolitical actions, including war and terrorism, natural disasters, including earthquakes, typhoons, floods, and fires, public health emergencies, including the outbreak of a pandemic or other public health crisis; (p) the imposition of tariffs on products that we import into international markets that could make such products more expensive compared to those of our competitors; (q) that our ability to expand internationally could be impacted by the intellectual property rights of third parties that conflict with or are superior to ours; and (r) other costs and risks of doing business internationally. These and other factors could harm our international operations and, consequently, harm our business, results of operations, and financial condition. Further, we may incur significant operating expenses as a result of our planned international expansion, and it may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in new markets. We also have limited operating experience outside of the United States and in our expansion efforts we may encounter obstacles we did not face in the United States, including cultural and linguistic differences, differences in regulatory environments, labor practices and market practices, difficulties in keeping abreast of market, business and technical developments, and preferences of foreign customers. Consumer demand and behavior, as well as tastes and purchasing trends, may differ internationally, and, as a result, sales of our products may not be successful, or the margins on those sales may not be in line with those we anticipate. We may also encounter difficulty expanding into international markets because of limited brand recognition, leading to delayed or limited acceptance of our products by customers in these markets and increased marketing and customer acquisition costs to establish our brand. Accordingly, if we are unable to successfully expand internationally or manage the complexity of our global operations, we may not achieve the expected benefits of this expansion and our financial condition and results of operations could be harmed. Our financial results and future growth have been, and could in the future be, harmed by currency exchange rate fluctuations. As our international business grows, our results of operations have been and could in the future be adversely impacted by changes in foreign currency exchange rates. Revenues and certain expenses in markets outside of the United States are recognized in local foreign currencies, and we are exposed to gains or losses from the translation of those amounts into U. S. dollars for consolidation into our financial statements. Similarly, we are exposed to gains and losses resulting from currency exchange rate fluctuations on transactions generated by our foreign subsidiaries in currencies other than their local currencies. In addition, the business of our independent manufacturers may also be disrupted by currency exchange rate fluctuations by making their purchases of raw materials more expensive and more difficult to finance. As a result, foreign currency exchange rate fluctuations may adversely impact our results of operations. We may become involved in legal or regulatory proceedings and audits. Our business requires compliance with many laws and regulations, including labor and employment, sales and other taxes, customs, and consumer protection laws and ordinances that regulate retailers generally and / or govern the importation, promotion, and sale of merchandise, and the operation of stores and warehouse facilities. Failure to comply with these laws and regulations could subject us to lawsuits and other proceedings, and could also lead to damage awards, fines, and penalties. We **are periodically involved in, and** may **in the future** become involved in **,** ~~a number of~~ legal proceedings and audits, including government and agency investigations, and consumer, employment, tort, and other litigation. The outcome of some of these legal proceedings, audits, and other contingencies could require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition and results of operations. Additionally, defending against these lawsuits and proceedings may be necessary, which could result in substantial costs and diversion of management' s attention and resources, harming our business, financial condition, and results of operations. Any pending or future legal or regulatory proceedings and audits could harm our business, financial condition, and results of operations. Our business involves the potential for product recalls, warranty liability, product liability, and other claims against us, which could adversely affect our reputation, earnings and financial condition. As a designer, marketer, retailer, and distributor of consumer products, we are subject to the United States Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the Consumer Products Safety Commission (" CPSC ") to exclude from the market products that are found to be unsafe or hazardous, and similar laws under foreign jurisdictions. Although we extensively and rigorously test new and enhanced products, there can be no assurance we will be able to detect, prevent, or fix all defects. Under certain circumstances, the CPSC, and other relevant global regulatory authorities, could require us to repurchase or recall one or more of our products. Additionally, laws regulating consumer products exist in states and some cities, as well as other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of our products, monetary judgment, fine or other penalty could be costly and damaging to our reputation. If we were required to remove, or we voluntarily removed, our products from the market, our reputation could be tarnished and we may have large quantities of finished products that we could not sell. Furthermore, the occurrence of any material defects in our products could expose us to liability for warranty claims in excess of our current reserves, and if our warranty reserves are inadequate to cover future warranty claims on our products, our financial condition and operating results may be harmed. In January 2023, we notified the CPSC of a potential safety concern regarding the magnet- lined closures of our Hopper ~~®~~ M30 Soft Cooler, Hopper ~~®~~ M20 Soft Backpack Cooler, and SideKick Dry gear case (the " affected products ") and initiated a global stop sale of the affected products. In February 2023, we proposed a voluntary recall of the affected products to the CPSC and other relevant global regulatory authorities. **In March 2023, we announced separate, voluntary recalls of the affected products in collaboration with the CPSC.** The global stop sale of the affected products and ~~proposed~~ voluntary recalls ~~will~~ **has subjected and may continue to** subject us to substantial costs, including, but not limited to, product recall remedies, legal and advisory fees, and recall- related logistics costs. These actions may also result in adverse publicity, harm our brand and divert management' s attention and resources from our operations. **As** ~~We are working in cooperation with the CPSC and other~~ -- **the** ~~relevant global regulatory authorities on~~ **voluntary recalls have commenced, we have made certain adjustments to our estimates regarding** the ~~corrective action plan~~ **impact of the voluntary recalls** . Actual costs related to the global stop sale and voluntary recalls of the affected products may vary from our estimates, which are primarily based on expected consumer participation rates and the estimated costs of the consumer' s elected remedy in the proposed voluntary recall and may have further negative effects on our business. Any of these events or claims could harm our reputation, business, financial condition and results of operations. ~~If we are unable to develop a product solution for the potential safety concern regarding the affected products, we may not be able to sell the redesigned products for a significant period of time, if ever, and may face substantial costs associated with the development of such features and implementation of the recalls.~~ We also face exposure to product liability claims and unusual or significant litigation in the event that one of our products is alleged to have resulted in bodily injury, property damage, or other adverse effects. In addition to the risk of monetary judgments or other penalties that may result from product liability claims, such claims could result in negative publicity that could harm our reputation in the marketplace, adversely impact our brand, or result in an increase in the cost of producing our products. As a result, these types of claims could have a material adverse effect on our business, results of operations, and financial condition. Our business is subject to the risk of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by problems such as terrorism, public health crises, ~~cyberattacks~~ **cybersecurity incidents or other cybersecurity threats** , **or events affecting** ~~or~~ **our** ~~failure of key~~ information technology systems. Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, riots, public health crises, ~~human errors, criminal acts,~~ and similar events. For example, a significant natural disaster, such as an earthquake, fire, or flood, could ~~harm our business, results~~ **result** ~~of operations, and financial condition~~ **in substantial losses or other costs** , and our insurance coverage may be insufficient **or unavailable** to compensate us for losses that may occur. Our corporate offices, one of our distribution centers, and one of our data center facilities are located in Texas, a state that frequently experiences floods and storms, and our third-party contract manufacturers ship most of our products to our distribution centers in Memphis, Tennessee, and Salt Lake City, Utah, which are susceptible to floods, earthquakes and wildfires. In addition, the facilities of our suppliers and where our manufacturers produce our products are located in parts of Asia that frequently experience typhoons and earthquakes. **Facilities of third- party logistics providers located in other countries that warehouse and distribute our finished products internationally also face local extreme weather conditions.** Acts of terrorism **, civil unrest** and public health crises could also cause disruptions in our or our suppliers', manufacturers', and logistics providers' businesses or the economy as a whole. For example, the COVID- 19 pandemic contributed significantly to global supply chain issues, with restrictions and limitations on related activities causing disruption and delay. These disruptions and delays strained certain domestic and international supply chains, which affected the flow or availability of certain of our products. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting Texas or other locations where we have operations or store significant inventory. Our ~~servers are~~ **business could** also **be negatively affected by** ~~vulnerable to computer viruses, criminal acts, denial- of- service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to~~ interruptions ~~, delays,~~ or ~~loss~~ **failures** of ~~critical data. As we rely heavily on~~ our information technology ~~and communications~~ systems ~~and the Internet to conduct our business and provide high- quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses~~ , which could ~~harm~~ **occur for a number of reasons, including cybersecurity incidents** ~~our~~ **or** ~~business~~ **other cybersecurity threats** , **system failures** ~~results of operations~~ , ~~and financial condition. Any such disruptions to our~~ **or** ~~third- party contract manufacturers~~ **failure to maintain or upgrade information technology systems. See the risk factor titled " We rely significantly on information technology, and any compromise or interruption of that technology resulting from cybersecurity incidents, data security breaches, design defects or system failures** could have a ~~similar effect~~ **material negative impact on our business " for further information** . Our results of operations are subject to seasonal and quarterly variations, which could cause the price of our common stock to decline. ~~We believe that our sales include a seasonal component.~~ Historically, we have experienced our net sales to be highest in our ~~second and~~ fourth ~~quarters~~ **quarter** , with the first quarter generating the lowest sales ~~. However, we expect the stop sale of the products related to the proposed voluntary recalls to impact our traditional seasonal patterns in 2023, with net sales to be highest in the fourth quarter~~ . We expect that this seasonality will continue to be a factor in our results of operations and sales. Our annual and quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of the introduction of and advertising for our new products and those of our competitors and changes in our product mix. Our results ~~are~~ **have** also ~~expected~~ **been, and may continue** to be **,** impacted by the voluntary recalls of certain of our products ~~proposed to the CPSC and other relevant global regulatory authorities, including the response of the CPSC and other relevant global regulatory authorities to our proposal;~~ and timing and our ability to provide a remedy with respect to the affected products. Variations in weather conditions may also harm our quarterly results of operations. In addition, we may not be able to adjust our spending in a timely manner to compensate for any unexpected shortfall in our sales. As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our results of operations between different quarters within a single fiscal year, or across different fiscal years, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. In the event that any seasonal or quarterly fluctuations in our net sales and results of operations result in our failure to meet our forecasts or the forecasts of the research analysts that may cover us in the future, the market price of our common stock could fluctuate or decline. We are subject to many hazards and operational risks that can disrupt our business, some of which may not be insured or fully covered by insurance. Our operations are subject to many hazards and operational risks inherent to our business, including: (a) general business risks; (b) product liability; (c) product recall; and (d) damage to third parties, our infrastructure, or properties caused by fires, floods and other natural disasters, power losses, telecommunications failures, terrorist attacks, riots, public health crises, human errors, and similar events. Our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks. For example, our insurance coverage does not cover us for business interruptions as they relate to public health crises and may not offer coverage for such interruptions related to future pandemics or epidemics. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by us could harm our business, results of operations, and financial condition. Risks Related to Market and Global Economic Conditions Our net sales and profits depend on the level of customer spending for our products, which is sensitive to general economic conditions and other factors; adverse economic conditions, such as a downturn in the economy or inflationary conditions resulting in rising prices, could adversely affect consumer purchases of discretionary items, which could materially harm our sales, profitability, and financial condition. Our products are discretionary items for customers. Therefore, the success of our business depends significantly on economic factors and trends in consumer spending. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable consumer income, consumer credit availability, unemployment, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items or services if we do not continue to provide authentic, compelling, and high- quality **premium** products at appropriate price points. As global economic conditions continue to be volatile and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to declines. ~~Any~~ **While some** of these ~~factors could harm~~ **conditions have negatively impacted consumer discretionary spending behavior, we continue to see strong consumer demand for our products. Worsening declines in** discretionary consumer spending ~~,~~ **could** ~~resulting~~ --- **result** in a reduction in demand for our ~~premium~~ products, decreased prices, and harm to our business and results of operations. Moreover, consumer purchases of discretionary items, such as our products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may slow our growth more than we anticipate. For example, ~~increased oil costs caused by the ongoing conflict in Ukraine,~~ inflationary conditions resulting in rising prices, including the prices of our products, and increased interest rates could lead to declines in discretionary spending by consumers, resulting in a reduction in demand for our products, and in turn may materially adversely impact our sales, profitability, and financial condition. Adverse economic conditions in markets in which we sell our products, particularly in the United States, may materially harm our sales, profitability, and financial condition. Public health crises ~~, such as COVID- 19 pandemic,~~ could negatively impact our business, sales, financial condition, results of operations and cash flows. **Public health crises** ~~The COVID- 19 pandemic~~ and preventative measures taken to contain or mitigate ~~such~~ **them** have caused, and may ~~continue to~~ **in the future** cause, business slowdowns or shutdowns in affected areas and significant disruption in the financial markets both globally and in the United States. The emergence of ~~another~~ **a** pandemic, epidemic, or infectious disease outbreak could ~~have a similar effect. The impacts of such public health crises include~~ , ~~but are not limited~~ **among other risks, lead** to: • the possibility of retail store closures or reduced operating hours and / or decreased retail traffic; • disruption to our distribution centers and our third- party manufacturing partners and other vendors, including the effects of facility closures as a result of outbreaks of ~~COVID- 19 or other~~ illnesses, or measures taken by federal, state or local governments to reduce ~~its~~ **the** spread **of illness** , reductions in operating hours, labor shortages, and real time changes in operating procedures, including for additional cleaning and disinfection procedures; and • significant disruption of global financial markets, which could have a negative impact on our ability to access capital in the future. ~~The~~ **For example, the** COVID- 19 pandemic contributed significantly to global supply chain constraints, with restrictions and limitations on related activities causing disruption and delay. These disruptions and delays strained domestic and international supply chains, resulting in port congestion, transportation delays as well as labor and container shortages, and affected the flow or availability of certain products. In addition, increased demand for online purchases of products ~~has~~ impacted our fulfillment operations and small parcel network, resulting in potential delays in delivering products to our customers. Other future public health crises could have a similar effect. The ~~further spread of COVID- 19 or the~~ emergence of another pandemic, epidemic or infectious disease outbreak, including any required or voluntary actions to help limit the spread of illness, could impact our ability to carry out our business and may materially adversely impact global economic conditions, our business, results of operations, cash flows and financial condition. Such events could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree. The extent of the impact of such events on our business and financial results cannot be predicted. Risks Related to Information Technology and Security We rely significantly on information technology, and any **compromise** ~~failure, inadequacy~~ or interruption of that technology ~~could harm~~ **resulting from cybersecurity incidents, data security breaches, design defects** ~~our~~ - **or** ~~ability to effectively operate~~ **system failures could have a material negative impact on** our business ~~, materially damage our customer and business partner relationships and subject us to significant reputational, financial, legal, and operational consequences~~ . We depend on our information technology systems, as well as those of third parties, to design and develop new products, process financial and accounting information, manage inventory and our supply chain, operate our ~~website~~ **websites** , host and manage our services, support our remote- working employees, store data, process transactions, respond to user inquiries **,** and conduct and manage various other operational activities. Any of these information **technology** systems could fail or experience a service interruption for a number of reasons, including ~~our or a third party' s failure to successfully manage significant increases in user volume, computer viruses, ransomware, programming errors, security~~ **cybersecurity threats** ~~breaches, hacking or other unlawful activities, disasters~~ , system failures **, or failure to maintain or upgrade information technology systems. Although we have taken steps to protect the security of** ~~or~~ **our information systems and the data maintained in those systems, we have, from time to time, experienced cybersecurity threats to our data and systems, including malware and computer virus attacks. It is possible that our safety and security measures will not prevent our systems from functioning improperly or becoming damaged. It is also possible that our safety and security measures will not prevent the improper access or disclosure of personally identifiable information such as in the event of** a **cybersecurity incident. Incidents may include social engineering or impersonation of authorized users, efforts to discover and exploit design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by** third ~~party' s failure~~ **parties or sabotage. In some instances, efforts** to ~~properly~~ **correct vulnerabilities or prevent incidents have in the past reduced, and may in the future reduce, the**

functionality or performance of our information technology, which could negatively impact our business. Cybersecurity incidents can also be caused by ransomware, distributed denial- of- service attacks, worms, and other malicious software programs or other attacks. Such incidents could be caused by the covert introduction of malware to our information technology systems and the use of techniques or processes that change frequently. The intrusions may be disguised, difficult to detect, or designed to remain dormant until a triggering event, and may continue undetected for an extended period of time. In addition, some of our suppliers, vendors, service providers, cloud solution providers and customers have in the past experienced, and may in the future experience, such incidents, which could in turn disrupt our business. While we maintain **cybersecurity insurance** ~~system redundancy or protect~~ , ~~repair, maintain or upgrade~~ **such insurance policies may not cover any** ~~our~~ - **or** ~~or~~ **all of** ~~their~~ -- **the** ~~systems~~ **resulting financial losses** . Any material disruption or slowdown of our systems or those of third parties that we depend upon could cause information, including data related to orders, to be lost or delayed **. Such loss or delay of information could result in delays in the delivery of products to retailers and customers. We could also lose sales** , which could ~~result~~ in **turn** ~~delays in the delivery of products to retailers and customers or lost sales, which could~~ reduce demand for our products, harm our brand and reputation, and cause our sales to decline. **In addition** ~~These events could also subject us~~ to ~~lawsuits~~ **disruptions due to cybersecurity incidents** , **we may experience such disruptions due to significant increases in** ~~as further described under " We collect, store, process, and use~~ **user** ~~personal and payment~~ **volume, system failures, or failure to maintain or upgrade** information ~~and other customer data, which subjects us to regulation and other legal obligations related to privacy, information security, and data protection. " We are currently undertaking various~~ technology ~~upgrades and enhancements to support our business growth, including a phased upgrade of our SAP enterprise resource planning system. The implementation of new software and hardware involves risks and uncertainties that could cause disruptions, delays or deficiencies in the design, implementation or application of these~~ systems ~~. The failure of our information systems to operate effectively or to integrate with other systems, or a breach in security of these systems, could cause delays in product fulfillment and reduced efficiency of our operations, which could negatively impact our financial results. If we experienced any significant disruption to our financial information systems that we are unable to mitigate, our ability to timely report our financial results could be impacted, which could negatively impact our stock price. We also communicate electronically throughout the world with our employees and with third parties, such as customers, suppliers, vendors and consumers, and these systems face similar risks of interruption or attack. Consumers increasingly utilize these services to purchase our products and to engage with our brand. If we are unable to continue to provide consumers a user-friendly experience and evolve our platform to satisfy consumer preferences, the growth of our e- commerce business and our net revenues may be negatively impacted. If this software contains errors, bugs or other vulnerabilities which impede or halt service, this could result in damage to our reputation and brand, loss of users, or loss of revenue~~ . Remediation and repair of any failure, problem or breach of our key information systems could require significant capital investments. Furthermore, the implementation of new information technology systems ~~, such as our SAP upgrade,~~ or any remediation of our key information systems **may** ~~requires~~ - **require** investment of capital and human resources, the re- engineering of business processes, and the attention of many employees who would otherwise be focused on other areas of our business. ~~The implementation of new initiatives and remediation of existing~~ **Further, if we experience any significant disruption to our financial information** systems ~~may not achieve the anticipated benefits and may divert management' s attention from other operational~~ **that we are unable to mitigate, our ability to timely report our financial results could be impacted, which could negatively impact our stock price. As part of our normal business** activities, ~~negatively affect employee morale, or have other unintended consequences. Additionally, if~~ we ~~are not able to accurately forecast expenses and capitalized costs related to system upgrades and repairs, our financial condition and operating results may be adversely impacted. We~~ collect, store, process, and use **certain information that is confidential, proprietary or otherwise sensitive, including** personal ~~and payment~~ information ~~and other~~ **of consumers,** ~~customer~~ **customers** ~~data~~ , **suppliers, service providers** and **employees** ~~we rely on third parties that are not directly under our control to manage certain of these operations~~ . Our customers' personal information may include names, addresses, phone numbers, email addresses, payment card data, and payment account information, as well as other information. ~~Due to~~ **We share some of this information with certain third parties who assist us with business matters. Moreover,** the ~~volume and~~ **success of our operations depends upon the secure transmission of confidential, proprietary or otherwise** ~~sensitivity~~ **sensitive** ~~of the~~ **data, including** personal information ~~and~~ **, over networks. Any unauthorized access or** data **acquisition** ~~we manage~~ , **despite** ~~the security features of our information systems are critical. Threats to information technology security can take a variety of forms. Individual and groups of hackers and sophisticated organizations, including state- sponsored organizations or nation- states, continuously undertake attacks that may pose threats to our customers and our information technology systems. These actors may use a wide variety of methods, which may include developing and deploying malicious software or exploiting vulnerabilities in hardware, software, or other infrastructure in order to attack our information technology systems or gain access to our systems, using social engineering techniques to induce our employees, users, partners, or customers to disclose passwords or other sensitive information, or take other actions to gain access to our data or our customers' data, impersonating authorized users, or acting in a coordinated manner to launch distributed denial of service or other coordinated attacks. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, we have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks and it is possible that in the future our safety and~~ security measures **in place to protect such** ~~will not prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable~~ information **,** ~~such as in the event of cyber- attacks. For~~ - **or other failure on the part of us** ~~example, system administrators may misconfigure networks, inadvertently providing access to unauthorized personnel or fail to timely remove employee account access when no longer appropriate. Employees~~ or third parties **to maintain the** ~~may intentionally compromise our~~ security ~~or systems, or reveal confidential information. There have been media reports regarding increased cyber- security threats and potential breaches~~

~~because~~ of **such** ~~the increase in numbers of individuals working from home. Additionally, external events, like the conflict between Russia and Ukraine, can increase the likelihood of cybersecurity attacks. Cyberthreats are constantly evolving, increasing the difficulty of detecting and successfully defending against them. Any breach of our~~ data ~~security or that of our service providers~~ could result in ~~an unauthorized release or transfer of customer, consumer, user or employee information, or the loss of valuable~~ business ~~data or cause a~~ disruption ~~in our business. These events could give rise to unwanted media attention~~ , damage **to** our reputation, ~~damage our customer~~ **financial obligations to third parties** , **legal obligations** ~~consumer, employee, or user relationships and result in lost sales~~ , fines ~~or lawsuits. We may also be required to expend significant capital and other resources to protect against or respond to or alleviate problems caused by a security breach~~ , **penalties** ~~which could harm our results of operations. If we or our independent service providers or business partners experience a breach that compromises our customers' sensitive data~~ , ~~our brand could be harmed, sales of our products could decrease, and we could be exposed to losses, litigation, or~~ regulatory proceedings **and private litigation with potentially large costs. Such unauthorized access or data acquisition could also result in deterioration in confidence in our Company and other competitive disadvantages, and thus could have a material adverse effect on our business** . Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement, or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident. ~~In addition, privacy~~ **Privacy** laws, rules, and regulations are constantly evolving in the United States and abroad and may be inconsistent from one jurisdiction to another. For example, in December 2020, the State of California enacted the California Privacy Rights Act, or CPRA, which ~~becomes~~ **became** effective on January 1, 2023, and substantially amends and expands the current California Consumer Privacy Act bringing the California regulations more in line with the European Union' s General Data Protection Regulation, or GDPR. Further, as we expand internationally, we are subject to additional privacy rules, such as ~~the~~ GDPR, many of which are significantly more stringent than those in the United States. Complying with these evolving obligations is costly, and any failure to comply could give rise to unwanted media attention and other negative publicity, damage our customer and consumer relationships and reputation, and result in lost sales, fines, or lawsuits, and may harm our business and results of operations. Risks Related to Our Financial Condition **, Accounting** and Tax Matters We depend on cash generated from our operations to support our growth, and we may need to raise additional capital, which may not be available on terms acceptable to us or at all. We primarily rely on cash flow generated from our sales to fund our current operations and our growth initiatives. As we expand our business, we will need significant cash from operations to purchase inventory, increase our product development, expand our manufacturer and supplier relationships, pay personnel, pay for the increased costs associated with operating as a public company, expand internationally, and further invest in our sales and marketing efforts. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future credit facility, we may need additional equity or debt financing. ~~The global~~ **Global** ~~economy~~ **economic** ~~, including~~ **factors affecting** the financial and credit markets, **such** ~~has~~ - **as** ~~recently experienced extreme volatility and disruptions, including severely~~ diminished liquidity and credit availability, **sustained high** ~~increases in inflation rates, rising~~ interest rates **and inflation** , declines in consumer confidence, declines in economic growth, and uncertainty about stability **could** ~~, all of which may~~ impact our ability to obtain financing. If such financing is not available to us on satisfactory terms, our ability to operate and expand our business or to respond to competitive pressures could be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, the ownership of our existing stockholders may be diluted. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of common stock. In addition, any indebtedness we incur may subject us to covenants that restrict our operations and will require interest and principal payments that could create additional cash demands and financial risk for us. Our indebtedness may limit our ability to invest in the ongoing needs of our business and if we are unable to comply with the covenants in our current Credit Facility, our liquidity and results of operations could be harmed. As of December ~~31~~ **30** , ~~2022~~ **2023** , we had $ ~~90~~ **82** . ~~0~~ **3** million principal amount of indebtedness outstanding under the Credit Facility (as defined in Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations- **Business Overview** ~~Liquidity and Capital Resources~~ " of this Report). The Credit Facility is jointly and severally guaranteed by certain of our wholly- owned ~~material~~ subsidiaries ~~, including YETI Coolers, LLC, which we refer to as YETI Coolers, and YETI Custom Drinkware LLC, which we refer to as YCD,~~ and any of our future subsidiaries that become guarantors, together, which we refer to as the Guarantors, and is also secured by a first- priority lien on substantially all of our assets and the assets of the Guarantors, in each case subject to certain customary exceptions. We may, from time to time, incur additional indebtedness under the Credit Facility. The Credit Facility places certain conditions on us, including, subject to certain conditions, reductions and exceptions, requiring us to utilize a portion of our cash flow from operations to make payments on our indebtedness, reducing the availability of our cash flow to fund working capital, capital expenditures, development activity, return capital to our stockholders, and other general corporate purposes. Our compliance with this condition may limit our ability to invest in the ongoing needs of our business. For example, complying with this condition: • increases our vulnerability to adverse economic or industry conditions; • limits our flexibility in planning for, or reacting to, changes in our business or markets; • makes us more vulnerable to increases in interest rates, as borrowings under the Credit Facility bear interest at variable rates; • limits our ability to obtain additional financing in the future for working capital or other purposes; and • potentially places us at a competitive disadvantage compared to our competitors that have less indebtedness. The Credit Facility places certain limitations on our ability to incur additional indebtedness. However, subject to the qualifications and exceptions in the Credit Facility, we may incur substantial additional indebtedness under that facility. The Credit Facility also places certain limitations on our ability to enter into certain types of transactions, financing arrangements and investments, to make certain changes to our capital structure, and to guarantee certain indebtedness, among other things. The Credit Facility also places certain restrictions on the payment of dividends and distributions and certain management fees. These restrictions limit or prohibit, among other things, and in each case, subject to certain customary exceptions, our ability to: (a) pay dividends on, redeem or repurchase our stock, or make other distributions; (b) incur or guarantee additional indebtedness; (c) sell stock in our subsidiaries; (d) create or incur liens; (e) make acquisitions or investments; (f) transfer or sell certain assets or merge or consolidate with or into other companies; (g) make certain payments or prepayments of indebtedness subordinated to our obligations under the Credit Facility; and (h) enter into certain transactions with our affiliates. The Credit Facility requires us to comply with certain covenants, including financial covenants regarding our total net leverage ratio and interest coverage ratio. Fluctuations in these ratios may increase our interest expense. Failure to comply with these covenants and certain other provisions of the Credit Facility, or the occurrence of a change of control, could result in an event of default and an acceleration of our obligations under the Credit Facility or other indebtedness that we may incur in the future. If such an event of default and acceleration of our obligations occurs, the lenders under the Credit Facility would have the right to proceed against the collateral we granted to them to secure such indebtedness, which consists of substantially all of our assets. If the debt under the Credit Facility were to be accelerated, we may not have sufficient cash or be able to sell sufficient collateral to repay this debt, which would immediately and materially harm our business, results of operations, and financial condition. The threat of our debt being accelerated in connection with a change of control could make it more difficult for us to attract potential buyers or to consummate a change of control transaction that would otherwise be beneficial to our stockholders. If our goodwill, other intangible assets, or fixed assets become impaired, we may be required to record a charge to our earnings. We may be required to record future impairments of goodwill, other intangible assets, or fixed assets to the extent the fair value of these assets falls below their book value. Our estimates of fair value are based on assumptions regarding future cash flows, gross margins, expenses, discount rates applied to these cash flows, and current market estimates of value. Estimates used for future sales growth rates, gross profit performance, and other assumptions used to estimate fair value could cause us to record material non- cash impairment charges, which could harm our results of operations and financial condition. **attracting,integrating,and retaining the personnel required to grow and operate our business effectively.There can be no assurance that our current management team or any new members of our management team will be able to successfully execute our business and operating strategies.** If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly,our results of operations could be harmed.The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.We base our estimates on historical experience and on various ~~other assumptions that we believe to be reasonable under the circumstances.These estimates form the basis for making judgments about the carrying values of assets,liabilities,and equity and the amount of sales and expenses that are not readily apparent from other sources.~~ Changes in tax laws or unanticipated tax liabilities could adversely affect our effective income tax rate and profitability. We are subject to income taxes in the United States (federal and state) and various foreign jurisdictions. Our effective income tax rate could be adversely affected in the future by a number of factors, including changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations or their interpretations and application, and the outcome of income tax audits in various jurisdictions around the world. For example, on August 16, 2022, the U. S. government enacted the Inflation Reduction Act of 2022 ~~(the " IRA ")~~ which includes changes to the U. S. corporate income tax system, a 15 % book minimum tax on corporations with three- year average annual adjusted financial statement income exceeding $ 1 billion and a 1 % excise tax on share repurchases. These provisions are generally effective for tax years beginning after December 31, 2022. If we become subject to additional taxes under the ~~IRA~~ **Inflation Reduction Act of 2022** , particularly in connection with **our current or** any future share repurchase program, our financial condition, results of operations, effective tax rate, and cash flows could be negatively impacted. **The** ~~In addition,~~ member states of the Organization for Economic Co- Operation and Development **(" OECD ")** are continuing discussions surrounding fundamental changes to the taxing rights of governments and allocation of profits among tax jurisdictions in which companies do business ~~, including proposed rules~~ **. The European Union (" EU ") member states have reached an agreement** on ~~the implementation of~~ a **15 %** global minimum tax rate **, with the first implementation measures expected to be effective in 2024** . **Many countries have enacted** ~~Although it is uncertain if some~~ or ~~all~~ **are in the process of enacting laws based on such rules. We are continuing to evaluate the impact** of these ~~proposals will be enacted, a~~ **tax developments as new guidance and regulations are published. A** significant change in U. S. tax law, or that of other countries where we operate or have a presence, may materially and adversely impact our income tax liability, provision for income taxes and effective tax rate. We regularly assess all of these matters to determine the adequacy of our income tax provision, which is subject to significant judgment ~~. The phase- out of LIBOR and transition to SOFR as a benchmark interest rate may negatively impact our financial results. LIBOR, the London interbank offered rate, is the interest rate benchmark used as a reference rate on our variable rate debt, including our Credit Facility. On March 5, 2021, LIBOR' s regulator, the Financial Conduct Authority and administrator, ICE Benchmark Administration (" IBA "), announced that the publication of one- week and two- month USD LIBOR maturities and the non- USD LIBOR maturities will cease immediately after December 31, 2021, with the publication of overnight, one-, three-, six-, and 12- month USD LIBOR ceasing immediately after June 30, 2023. On March 15, 2022, the Adjustable Interest Rate (LIBOR) Act (the " LIBOR ACT ") was signed into law. Under the LIBOR Act, the Board of Governors of the Federal Reserve System is directed to select the Secured Overnight Financing Rate (" SOFR "), published by the Federal Reserve Bank of New York, as the replacement rate for contracts that reference LIBOR as a benchmark rate and that do not contain either a specified replacement rate or a replacement mechanism after USD LIBOR ceases publication. In addition, recent New York state legislation effectively codified the use of SOFR as the alternative to LIBOR in the absence of another chosen replacement rate, which may affect contracts governed by New York state law, including our Credit Agreement. Our Credit Facility further provides for the replacement of LIBOR with one or more rates based on the SOFR, or another alternate benchmark rate under certain conditions. SOFR is calculated differently from LIBOR and the inherent differences between LIBOR and SOFR or any other alternative benchmark rate gives rise to many uncertainties, including the need to amend~~

~~existing debt instruments and the need to choose alternative reference rates in new contracts. Furthermore, uncertainty regarding whether or when SOFR or other alternative reference rates will be widely accepted by lenders as the replacement for LIBOR may impact the liquidity of the SOFR loan market, and SOFR itself. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over time may bear little or no relation to the historical actual or historical indicative data. It is possible that the volatility of and uncertainty around SOFR as a LIBOR replacement rate and the applicable credit adjustment would result in higher borrowing costs for us, and would adversely affect our liquidity, financial condition, and earnings. The consequences of these developments with respect to LIBOR cannot be entirely predicted and span multiple future periods but could result in an increase in the cost of our variable rate debt which may negatively impact our financial results~~ . We are subject to credit risk in connection with providing credit to our retail partners, and our results of operations could be harmed if a material number of our retail partners were not able to meet their payment obligations. We are exposed to credit risk primarily ~~on~~ **relating to** our accounts receivable. We provide credit to our retail partners in the ordinary course of our business and perform ongoing credit evaluations. While we believe that our exposure to concentrations of credit risk with respect to trade receivables is mitigated by our large retail partner base, and we make allowances for ~~doubtful accounts~~ **credit losses** , we nevertheless run the risk of our retail partners not being able to meet their payment obligations, particularly in a future economic downturn. If a material number of our retail partners were not able to meet their payment obligations, our results of operations could be harmed. Risks Related to Ownership of Our Common Stock If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our reported financial information and the market price of our common stock may be negatively affected. As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes- Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal controls on an annual basis. If we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. We **have** ~~will need to maintain and enhance~~ **enhanced** ~~the~~ **our** systems, processes and documentation ~~necessary~~ to comply with Section 404 of the Sarbanes- Oxley Act ~~as we grow,~~ and **have hired** ~~we will require~~ additional ~~management~~ **employees** and ~~staff resources~~ **outside consultants** to ~~do so~~ **assist us in complying with these requirements; however, we may need to make additional improvements or hire additional employees or outside consultants to maintain such compliance** . Additionally, even if we conclude our internal controls are effective for a given period, we may in the future identify one or more material weaknesses in our internal controls, in which case our management will be unable to conclude that our internal control over financial reporting is effective. Our independent registered public accounting firm is required to issue an attestation report on the effectiveness of our internal control over financial reporting every fiscal year. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. If we are unable to conclude that our internal control over financial reporting is effective or if our auditors were to express an adverse opinion on the effectiveness of our internal control over financial reporting because we had one or more material weaknesses, investors could lose confidence in the accuracy and completeness of our financial disclosures, which could cause the price of our common stock to decline. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our reported operating results and harm our reputation. Internal control deficiencies could also result in a restatement of our financial results **. We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term stockholder value, and share repurchases could increase the volatility of the price of our common stock. Pursuant to the new share repurchase program authorized by our Board of Directors in February 2024, we are authorized to repurchase up to $ 300 million of outstanding shares of our common stock through various methods, including, but not limited to, open market, privately negotiated, or accelerated share repurchase transactions. Such program may be suspended or discontinued at any time. We are not obligated to repurchase a specified number or dollar of shares, and the timing, manner, price, and actual amount of share repurchases will depend on a variety of factors, including stock price, market conditions, other capital allocation needs and opportunities, and corporate and regulatory considerations. The timing of repurchases pursuant to our share repurchase program could affect our stock price and increase its volatility. We cannot guarantee that we will repurchase shares, and there can be no assurance that any share repurchases will enhance stockholder value because the stock price of our common stock may decline below the levels at which we effected repurchases** . Anti- takeover provisions in our charter documents and under Delaware law could make an acquisition of the Company more difficult, limit attempts by our stockholders to replace or remove our current management, and limit the market price of our common stock. Provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws: • provide that our Board of Directors is classified into three classes of directors; • prohibit stockholders from taking action by written consent; • provide that stockholders may remove directors only for cause, and only with the approval of holders of at least 66 2 / 3 % of our then outstanding common stock; • provide that the authorized number of directors may be changed only by resolution of the Board of Directors; • provide that all vacancies, including newly created directorships, may, except as otherwise required by law or as set forth in the Stockholders Agreement be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; • provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a stockholder' s notice; • restrict the forum for certain litigation against us to

Delaware **or the federal district courts of the United States, as applicable** ; • do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election); • provide that special meetings of our stockholders may be called only by the Chairman of the Board of Directors, our CEO, or the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors; • provide that stockholders will be permitted to amend our Amended and Restated Bylaws only upon receiving at least 66 2 / 3 % of the votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class; and • provide that certain provisions of our Amended and Restated Certificate of Incorporation may only be amended upon receiving at least 66 2 / 3 % of the votes entitled to be cast by holders of all outstanding shares then entitled to vote, voting together as a single class. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, we have opted out of the provisions of Section 203 of the General Corporation Law of the State of Delaware (the " DGCL "), which generally prohibit a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder. However, our Amended and Restated Certificate of Incorporation provides substantially the same limitations as are set forth in Section 203 but also provides that Cortec Group Fund V, L. P., our controlling stockholder at the time of our initial public offering, and its affiliates and any of their direct or indirect transferees and any group as to which such persons are a party do not constitute " interested stockholders " for purposes of this provision. Our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders **and our Amended and Restated bylaws provide that the federal district courts of the United States are the exclusive forum for complaints asserting a cause of action under the Securities Act** , which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our Amended and Restated Certificate of Incorporation provides that, unless we consent to the selection of an alternative forum, **(i)** the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of fiduciary duty owed by any of our stockholders, directors, officers, or other employees to us or to our stockholders; (c) any action asserting a claim arising pursuant to the DGCL; or (d) any action asserting a claim governed by the internal affairs doctrine **; and (ii) the federal district courts of the United States are the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act of 1933, as amended** . The choice of forum provision does not apply to any actions arising under the ~~Securities Act of 1933, as amended (the" Securities Act"), or the~~ Exchange Act ~~, or any other claim for which the federal courts have exclusive jurisdiction~~ . ~~The~~ **These** exclusive forum ~~provision~~ **provisions** ~~in the Amended and Restated Certificate of Incorporation~~ will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and stockholders of YETI will not be deemed to have waived our compliance with these laws, rules and regulations. The choice of forum ~~provision~~ **provisions** may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find ~~the~~ **either our state** choice of forum provision ~~contained in our~~ - **or our federal choice** ~~amended and restated certificate~~ of ~~incorporation~~ **forum provision** to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. YETI Holdings, Inc. is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund its operations and expenses, including future dividend payments, if any. As a holding company, our principal source of cash flow is distributions from our subsidiaries. Therefore, our ability to fund and conduct our business, service our debt, and pay dividends, if any, depends on the ability of our subsidiaries to generate sufficient cash flow to make upstream cash distributions to us. Our subsidiaries are separate legal entities, and although they are wholly owned and controlled by us, they have no obligation to make any funds available to us, whether in the form of loans, dividends, or otherwise. The ability of our subsidiaries to distribute cash to us is also subject to, among other things, restrictions that may be contained in our subsidiary agreements (as entered into from time to time), availability of sufficient funds in such subsidiaries and applicable laws and regulatory restrictions. Claims of any creditors of our subsidiaries generally have priority as to the assets of such subsidiaries over our claims and claims of our creditors and stockholders. To the extent the ability of our subsidiaries to distribute dividends or other payments to us is limited in any way, our ability to fund and conduct our business, service our debt, and pay dividends, if any, could be harmed. ~~General Risk~~ **Risks** ~~Factors Our~~ **Related to Acquisitions, Strategic Transactions, and Stockholder Activism We have acquired and may in the** future **acquire** ~~success depends on the continuing efforts of our~~ - **or invest** ~~management and key employees, and on our ability to attract and retain highly skilled personnel and senior management. We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful~~ in attracting, integrating, and retaining the...... estimates on historical experience and on various other **companies** ~~assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions~~ , which could ~~cause our results of operations to fall below the expectations of securities analysts and investors and could result in a decline in our stock price. We may be the target of strategic transactions, which could~~ divert our ~~management' s attention and otherwise disrupt our operations and adversely affect our business. Other companies may seek to acquire us or enter into other strategic transactions. We will~~

~~consider, discuss, and negotiate such transactions as we deem appropriate. The consideration of such transactions, even if not consummated, could divert~~ management' s attention ~~from other business matters, result in adverse publicity or information leaks, and could increase our expenses. We may be the target of stockholder activism, an unsolicited takeover proposal or a proxy contest or short sellers, which could negatively impact our business. In recent years, there has been an increase in proxy contests, unsolicited takeovers and other forms of stockholder activism. We may be subject to such actions or proposals from stockholders or others that may not align with our business strategies or the interests of our other stockholders. If such a campaign or proposal were to be made against us, we would likely incur substantial costs, such as legal fees and expenses, and divert management' s and our Board' s attention and resources from our businesses and strategic plans. Stockholder activists may also seek to involve themselves in the governance, strategic direction and operations of our business through stockholder proposals, which could create perceived uncertainties or concerns as to our future operating environment, legislative environment, strategy, direction, or leadership. Any such uncertainties or concerns could result in the loss of potential business opportunities, harm our business and financial relationships, and harm our ability to attract or retain investors, customers and employees. Actions of activist stockholders may also cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. We may also be the target of short sellers who engage in negative publicity campaigns that may use selective information that may be presented out of context or that may misrepresent facts and circumstances. Any of the foregoing could adversely affect our business and operating results. We may acquire or invest in other companies, which could divert our management' s attention~~ , result in dilution to our stockholders, and otherwise disrupt our operations and harm our results of operations. ~~In~~ **We have, and may in** the future, ~~we may~~ acquire or invest in businesses, products, or technologies that we believe could complement or expand our business, enhance our capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various costs and expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are ~~consummated~~ **completed** . **We** ~~In any future acquisitions, we~~ may not be able to successfully integrate acquired personnel, operations, and technologies, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from ~~future~~ **such** acquisitions due to a number of factors, including: (a) an inability to integrate or benefit from acquisitions in a profitable manner; (b) unanticipated costs or liabilities associated with the acquisition; (c) the incurrence of acquisition- related costs; (d) the diversion of management' s attention from other business concerns; (e) the loss of our or the acquired business' key employees; or (f) the issuance of dilutive equity securities, the incurrence of debt, or the use of cash to fund such acquisitions. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. **If** ~~In the future, if~~ our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could harm our results of operations. **We may be the target of strategic transactions, which could divert our management' s attention and otherwise disrupt our operations and adversely affect our business. Other companies may seek to acquire us or enter into other strategic transactions. We will consider, discuss, and negotiate such transactions as we deem appropriate. The consideration of such transactions, even if not consummated, could divert management' s attention from other business matters, result in adverse publicity or information leaks, and could increase our expenses. We may be the target of stockholder activism, an unsolicited takeover proposal or a proxy contest or short sellers, which could negatively impact our business. In recent years, there has been an increase in proxy contests, unsolicited takeovers and other forms of stockholder activism. We may be subject to such actions or proposals from stockholders or others that may not align with our business strategies or the interests of our other stockholders. If such a campaign or proposal were to be made against us, we would likely incur substantial costs, such as legal fees and expenses, and divert management' s and our Board of Director' s (the " Board ") attention and resources from our businesses and strategic plans. Stockholder activists may also seek to involve themselves in the governance, strategic direction and operations of our business through stockholder proposals, which could create perceived uncertainties or concerns as to our future operating environment, legislative environment, strategy, direction, or leadership. Any such uncertainties or concerns could result in the loss of potential business opportunities, harm our business and financial relationships, and harm our ability to attract or retain investors, customers and employees. Actions of activist stockholders may also cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. We may also be the target of short sellers who engage in negative publicity campaigns that may use selective information that may be presented out of context or that may misrepresent facts and circumstances. Any of the foregoing could adversely affect our business and operating results.**