

Risk Factors Comparison 2025-03-06 to 2024-03-07 Form: 10-K

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Ownership of the Company's securities involves a number of risks and uncertainties. Potential investors should carefully consider the risks and uncertainties described below and the other information in this Annual Report on Form 10-K before deciding whether to invest in the Company's securities. The Company's business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks described below are not the only ones facing the Company. Additional risks that are currently unknown to the Company or that the Company currently considers immaterial may also impair its business or adversely affect its financial condition or results of operations. Industry and Operational Risks The Company is subject to a number of significant operational risks that might cause the Company's actual results to vary materially from its forecasts, targets or projections, including: • failing to achieve planned revenue and profit growth in each of the Company's business segments; • changes in customer requirements and in the volume of sales to principal customers; • the ability of the Company to anticipate timing of orders and shipments particularly in the e-commerce area; • reliance on third party distributors; • emergence of new competitors or consolidation of existing competitors; and • industry demand fluctuations. The Company's expectations for both short and long-term future net revenues are based on the Company's estimates of future demand. Orders from the Company's principal customers are ultimately based on demand from end-users and end-user demand can be difficult to predict. Low end-user demand would negatively affect orders the Company receives from distributors and other principal customers which could, in turn adversely affect the Company's revenues in any fiscal period. Additionally, revenue is based, in part, upon the Company's ability to source its products and timely ship them to customers to meet such demand. If the Company's estimates of sales are not accurate and the Company experiences unforeseen variability in its revenues and operating results, the Company may be unable to adjust its expense levels accordingly and its profit margins could be adversely affected. **Changes in United States and foreign laws and policies governing international trade, export controls, manufacturing, and investment in the jurisdictions where we currently source or sell products, and any negative consequences resulting from such changes, could materially affect our business. Over the last seven years, the United States has undertaken a series of actions to increase tariffs on certain goods imported into the United States. In response to prior tariffs, certain governments imposed retaliatory tariffs on various goods, and in response to new or increased United States tariffs, have threatened to similarly retaliate. Prior tariffs have increased the cost of certain of our products to customers, particularly products for the school and office markets that are manufactured for us in China. Historically, we have mitigated and will continue our efforts to mitigate the impact of tariffs by negotiations with suppliers and customers, passing price increases on to our customers, and diversifying our sources of products and materials. However, there can be no assurance that our mitigation actions will continue to be effective. Specifically, the state of tariffs and other trade measures between the United States and China remains in flux. Starting in 2018, the United States and China engaged in an escalating imposition of tariffs and trade restrictions on each other's products. The two countries signed a preliminary trade agreement in early 2020. However, in February 2025, the United States imposed additional tariffs on imports of Chinese-origin goods, and China announced retaliatory tariffs and additional trade restrictions on United States goods. In addition, in February 2025, the United States imposed new tariffs on Canada and Mexico and has threatened member countries of the European Union with tariffs. Canada and Mexico subsequently have announced retaliatory tariffs on certain U. S. goods. The impact that these and any other trade measures will have on our business and financial results is difficult to predict, particularly because trade is a current focus of the new United States administration and it is not possible to know the amount, scope, and nature of any additional tariffs or other trade measures the United States will adopt and how trading partners will respond to the administration's future and present actions. Any new or continued trade disputes or increased tensions between the United States and other countries, and any governmental actions, including further increases of existing tariffs or the imposition of new tariffs, may continue to adversely impact demand for our products, increase our costs, and disrupt our supply chain. These risks, in turn, could have a material adverse effect on our business results of operations and financial condition.** We expect to continue to experience inflationary pressure on our cost structure, and price increases may not be sufficient to offset cost increases or may result in sales volume declines. Although inflation in the United States had been relatively low for many years, from 2021 to the present, the United States' economy has experienced a substantial rise in the inflation rate. There is increased uncertainty as to whether the rise in inflation will continue and for how long. Increases in inflation raise the Company's costs for labor, raw materials and services. Future market and competitive pressures may prohibit the Company from raising prices to offset increased raw material, or other product costs, including but not limited to packaging, direct labor, overhead, employee benefits, shipping costs, and other inflationary items, or to offset currency fluctuations. The inability to pass these costs through to the Company's customers could have a negative effect on its results of operations. Commencing in the first half of 2022, the Company was not able to fully pass these costs along to customers. In the future, we may continue to experience future inflationary pressure on our cost structure. We may be able to pass some or all of these cost increases to customers by increasing the selling prices of our products in the future; however, higher product prices may also result in a reduction in sales volume and / or consumption. If we are not able to mitigate these inflationary pressures, such as by increasing our selling prices sufficiently, there could be a negative impact on our results of operations and financial condition. The ability to deliver products to our customers in a timely manner and to satisfy our customers' fulfillment standards are subject to many factors, some of which are beyond our control. Timely delivery of our products and the fulfillment of consumer demand

throughout the year is critical to our success. Various factors that might affect product delivery to customers include vendor production delays, difficulties encountered in shipping from overseas, availability of shipping containers, customs clearance delays, and cybersecurity attacks on our vendors. We also rely upon third- party carriers for our product shipments from our distribution centers to customers. Accordingly, we are subject to risks, including inclement weather, natural disasters, cybersecurity attacks, general availability of trucks, and increased security restrictions associated with such carriers' ability to provide delivery services to meet our shipping needs. The COVID- 19 pandemic caused and future pandemics could cause disruptions in our global supply chain as a result of shortages of factory workers, travel restrictions, barriers to the movement of goods, and temporary closures of production facilities and distribution centers, all of which factors have resulted in extended lead times. Failure to deliver products to our customers in a timely and effective manner, has, in a number of instances, subjected us to penalties pursuant to certain of our contractual arrangements. Should any of the foregoing occur to a material extent, our reputation and brands could be damaged and we could suffer the loss of customers or reduced orders. If we do not successfully optimize and manage our fulfillment processes, our business, financial condition and operating results could be harmed. If we do not optimize and manage our fulfillment processes successfully and efficiently, it could result in excess or insufficient fulfillment, an increase in costs or impairment charges or harm our business in other ways. If we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. If we add new products or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment will become increasingly complex. Failure to successfully address such challenges in a cost- effective and timely manner could impair our ability to timely deliver our customers' purchases and could harm our reputation and ultimately, our business, financial condition and operating results. If we grow faster than we anticipate, we may exceed our distribution centers' capacity, we may experience problems fulfilling orders in a timely manner or our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers, and we would need to increase our capital expenditures more than anticipated. Matters relating to the employment market and prevailing wage standards may adversely affect our business. Our ability to meet our labor needs on a cost- effective basis is subject to numerous external factors, including the availability of qualified personnel in the workforce in the local markets in which we operate, unemployment levels within those markets, prevailing wage rates which have increased significantly, health and other insurance costs and changes in employment and labor laws. In the event prevailing wage rates continue to increase in the markets in which we operate, we may be required to concurrently increase the wages paid to our employees to maintain the quality of our workforce and customer service. To the extent such increases are not offset by price increases, our profit margins may decrease as a result. If we are unable to hire and retain employees capable of meeting our business needs and expectations, our business and brand image may be impaired. Any failure to meet our staffing needs or any material increase in turnover rates of our employees may adversely affect our business, results of operations and financial condition. Further, we rely on the ability to attract and retain labor on a cost- effective basis. Our ability to attract and retain a sufficient workforce on a cost- effective basis depends on several factors. We may not be able to attract and retain a sufficient workforce on a cost- effective basis in the future. In the event of increased costs of attracting and retaining a workforce, our profit margins may materially decline as a result. The Company' s Westcott business is subject to risks associated with seasonality which could adversely affect its cash flow, financial condition, or results of operations. The Company' s business, historically, has experienced higher sales volume in the second and third quarters of the calendar year, when compared to the first and fourth quarters. The Company is a major supplier of products related to the " back- to- school " season, which occurs principally during the months of May through August. If this typical seasonal increase in sales of certain portions of the Company' s product line does not materialize in any year for any reason, the Company could experience a material adverse effect on its business, financial condition and results of operations. Failure to manage growth and continue to expand our operations successfully could adversely affect our financial results. Our business has experienced significant historical growth both internally and through acquisitions through the years including through the acquisitions of **Safety Made in 2022 and Hawktree in 2023 and Elite First Aid in 2024**. We expect our business to continue to grow organically and seek to grow through strategic acquisitions both domestically and internationally. This growth places significant demands on management and operational systems. If we cannot effectively manage our growth, we would likely experience operational inefficiencies and incur unanticipated costs, thus negatively impacting our operating results. To the extent we grow through strategic acquisitions, our success will depend on selecting the appropriate targets, integrating such acquisitions quickly and effectively and realizing any expected synergies and cost savings related to such acquisitions. We may be unable to accurately forecast net sales and appropriately plan our expenses in the future. We base our expense levels on our operating forecasts and estimates of future net sales and gross margins. Net sales and operating results are difficult to forecast, because they generally depend on the volume, timing and type of the orders we receive, all of which are uncertain. Additionally, our business is affected by general economic and business conditions in our markets. We may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in net sales. Any failure to accurately predict net sales or gross margins could cause our operating results in any given quarter, or a series of quarters, to be lower than expected, which could cause the price of our Common Stock to decline substantially. Unfavorable shifts in industry- wide demand for the Company' s products could result in inventory valuation risk. The Company evaluates its ending inventories for excess quantities, impairment of value, and obsolescence. This evaluation includes analysis of sales levels by product and projections of future demand based upon input received from our customers, sales team, and management. If inventories on hand are in excess of demand or slow moving, appropriate write- downs may be recorded. In addition, the Company might have to write off inventories that are considered obsolete based upon changes in customer demand, product design changes, or new product introductions, which eliminate demand for existing products. Historically, the Company has not had to materially write down or write off product inventories. Loss of a major customer could result in a decrease in the Company' s future sales and earnings.

Sales of our products are primarily concentrated in a few major customers including commercial retailers, office product superstores, and mass market distributors. The Company had two customers in **2024 and 2023** and **2022**, that individually exceeded 10 % of consolidated net sales. Net sales to those customers were approximately 14 % and **13 % in 2024 and 14 % and 12 % in 2023** and **15 % and 10 % in 2022**, respectively. The Company had three customers in **2023-2024** that individually exceeded 10 % of consolidated accounts receivable. Accounts receivable to those customers were approximately **16 %, 15 %, and 11 %**. **In 2023, the Company had receivables to these customers of approximately** 17 %, 14 %, and 14 %. ~~In 2022, the Company had receivables to these customers of approximately 12 %, 11 %, and 10 %~~, respectively. The Company anticipates that a limited number of customers may account for a substantial portion of its total net revenues for the foreseeable future. The business risks associated with this concentration, including increased credit risks for these and other customers and the possibility of related bad debt write-offs, could negatively affect our margins and profits. Additionally, the loss of a major customer, whether through competition or consolidation, or a disruption in sales to such a customer, could result in a decrease of the Company's future sales and earnings. Because our products are primarily sold by third parties, our financial results depend in part on the financial health of these parties and any loss of a third-party distributor could adversely affect the Company's revenues. A large majority of the Company's products are sold through third-party distributors and large retailers. Some of our distributors also market products that compete with our products. Changes in the financial or business conditions or the purchasing decisions of these third parties or their customers could affect our sales and profitability. Additionally, no assurances can be given that any or all of such distributors or retailers will continue their relationships with the Company. Distributors and other significant retail customers cannot easily be replaced and the loss of revenues and the Company's inability to reduce expenses to compensate for the loss of revenues could adversely affect the Company's net revenues and profit margins. The loss of key management could adversely affect the Company's ability to run its business. The Company's success depends, to a large extent, on the continued service of its executive management team, operating officers and other key personnel. The Company must therefore continue to recruit, retain and motivate management and operating personnel sufficient to maintain its current business and support its projected growth. The Company's inability to meet its staffing requirements in the future could adversely affect its results of operations. Execution or the lack thereof, of our e-commerce business may reduce our operating results. ~~Our e-commerce business constituted approximately 18 % of our net sales in 2023~~. The continued successful growth of our e-commerce business depends, in part, on third parties and factors over which we have limited control, including difficulty forecasting demand, changing consumer preferences, and e-commerce buying trends, both domestically and abroad, as well as promotional or other advertising initiatives employed by our customers or other third parties on their e-commerce sites. Additionally, sales in our e-commerce distribution channel may also divert sales from our other customers. Additionally, the success of our e-commerce business depends, in part, on the timely receipt of our products by our customers and their end users. The efficient flow of our products requires that our distribution facilities have adequate capacity to support increases in our e-commerce business. If we encounter difficulties with forecasting demand and supply to our distribution facilities, we could face shortages of inventory, resulting in "out of stock" conditions in the e-commerce sites operated by our customers or other third parties, and we could incur significantly higher costs and longer lead times associated with distributing our products to our customers. Our failure to successfully respond to these risks and uncertainties might adversely affect the sales in our e-commerce business, as well as damage our brands. The Company is subject to intense competition in all of the markets in which it competes. The Company's products are sold in highly competitive markets including at mass merchants, high volume office supply stores and online. The Company believes that the principal points of competition in these markets are product innovation, quality, price, merchandising, design and engineering capabilities, product development, timeliness and completeness of delivery, conformity to customer specifications and post-sale support. Competitive conditions may require the Company to match or better competitors' prices to retain business or market shares. The Company believes that its competitive position will depend on continued investment in innovation and product development, manufacturing and sourcing, quality standards, marketing and customer service and support. The Company's success will depend in part on its ability to anticipate and offer products that appeal to the changing needs and preferences of our customers in the various market categories in which it competes. The Company may not have sufficient resources to make the investments that may be necessary to anticipate those changing needs and the Company may not anticipate, identify, develop and market products successfully or otherwise be successful in maintaining its competitive position. In addition, there are numerous uncertainties inherent in successfully developing and commercializing innovative new products on a continuing basis, and new product launches may not provide expected growth results. There are no significant barriers to entry into the markets for most of the Company's products. Compromises of our information systems or unauthorized access to confidential information or our customers' or associates' personal information may materially harm our business or damage our reputation. Through our sales and marketing activities and our business operations, we collect and store confidential information and certain personal information from our customers and associates. We also process payment card information and check information. In addition, in the normal course of business, we gather and retain personal information about our associates and generate and have access to confidential business information. Although we have taken steps designed to safeguard such information, there can be no assurance that such information will be protected against unauthorized access or disclosure. Computer hackers, if successful, may misappropriate such information. An employee of the Company, contractor or other third-party with whom we do business may also attempt to circumvent our security measures in order to obtain such information or inadvertently cause a breach involving such information. We could be subject to liability for failure to comply with privacy and information security laws, for failing to protect personal information, or for misusing personal information, such as use of such information for an unauthorized marketing purpose. Any compromise of our systems or data could disrupt our operations, damage our reputation, and expose us to claims from customers, financial institutions, regulators, payment card associations, employees, and other persons, any of which could have an adverse effect on our business, financial condition and results of operations. Although the Company has

recently reduced its indebtedness, we continue to **have a substantial amount borrow under our bank line of indebtedness credit**, which could adversely affect our financial condition and ability to operate our business. As of December 31, **2023-2024**, **excluding net deferred financing costs of \$ 13-34, 164-983, 358 \$ 17, 640, 550** was outstanding and **\$ 51-47, 835-359, 642 450** was available for borrowing under the Company's revolving credit facility. The Company's manufacturing and distribution facilities in Rocky Mount, NC and Vancouver, WA were financed by a fixed rate mortgage with HSBC Bank, N. A. of which **\$ 10, 823-409, 033-797** was outstanding as of December 31, **2023-2024**. Our **substantial** indebtedness **if it were to increase substantially**, combined with our other financial obligations and contractual commitments, could have significant consequences for our business. For example, it could: • make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in an event of default under the agreements governing such indebtedness; • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, business development and other purposes; • compromise our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, due to our high level of debt and the restrictive covenants in our loan documents; • limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; • limit our ability to borrow additional funds, or to dispose of pledged assets to raise funds, if needed, for working capital, capital expenditures, acquisitions and other corporate purposes. These restrictions could adversely affect our financial condition and limit our ability to successfully implement our growth strategy. In addition, we may need additional financing to support our business and pursue our growth strategy, including for strategic acquisitions. Our ability to obtain additional financing, if and when required, will depend on investor demand, our operating performance, the condition of the capital markets and other factors. There can be no assurance that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and, in the case of equity and equity-linked securities, our existing stockholders may experience dilution. The Company may need to raise additional capital to fund its operations. The Company's management believes that, under current conditions, the Company's current cash and cash equivalents, cash generated by operations, together with the borrowing availability under its revolving loan agreement with HSBC Bank N. A., will be sufficient to fund planned operations for the next twelve months from the issuance date of this report. However, if the Company is unable to generate sufficient cash from operations, it may be required to find additional funding sources. If adequate financing is unavailable or is unavailable on acceptable terms, the Company may be unable to maintain, develop or enhance its operations, products, and services, take advantage of future opportunities or adequately respond to competitive pressures. Changes in interest rates could adversely affect us. We have exposure to increases in interest rates under our revolving credit loan agreement with HSBC Bank, N. A. which presently bears interest at SOFR 1. **60-70**%. The economy has been experiencing inflation since 2021. In response to significant and prolonged increases in inflation, the U. S. Federal Reserve has raised interest rates multiple times since the beginning of 2022, which has significantly increased our interest expense. Interest rates may remain at the current high levels or continue to increase. Increases in interest rates have increased our interest costs on our variable- rate debt as well as any future fixed rate debt. Any additional increase in the interest which we pay would reduce our cash available for working capital, acquisitions, and other uses. In the event that we experience future pandemics, the economic effects of such pandemics and measures taken to arrest their spread by governmental and regulatory authorities, by the Company's business partners or by the Company itself could adversely impact our business, including our operating results, financial condition and liquidity. The Company's business, operations and financial results, may be adversely affected by those risks and uncertainties resulting from any future pandemics. The extent of the impact of any such pandemic on our business, operating results, cash flows, liquidity and financial conditions will be primarily driven by the ultimate duration and severity of the pandemic and its impact on the U. S. and global economies. The military conflicts in Ukraine and the Middle East have resulted in geopolitical instability. Our business, financial position, results of operations and cash flows could be adversely affected by the negative impacts on the global economy resulting from these conflicts. In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Although the length, impact and outcome of the war is highly unpredictable, this war has contributed to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as an increase in cyberattacks and espionage. Separately, on October 7, 2023, Hamas, a U. S.- designated terrorist organization, launched a series of coordinated attacks from the Gaza Strip onto Israel. On October 8, 2023, Israel formally declared war on Hamas, and the armed conflict is ongoing as of the date of this filing. Hostilities between Israel and Hamas could escalate and involve surrounding countries in the Middle East. Furthermore, following Hamas' attack on Israel, the Houthi movement, which controls parts of Yemen, launched a number of attacks on marine vessels in the Red Sea. The Red Sea is an important maritime route for international trade. As a result of such disruptions, we may experience in the future extended lead times, delays in supplier deliveries, and increased freight costs. The risk of ongoing supply disruptions may further result in delayed deliveries of our products. While the length and total impact of the military conflicts are unpredictable, it has led to market disruptions, including volatility in raw material prices and credit and capital markets, and supply chain challenges. In response to the military conflict, governments in the U. S. and abroad have imposed sanctions against Russia and proposed or threatened additional potential sanctions. These sanctions could adversely affect the global economy and financial markets in which we operate. We do not have manufacturing operations in Ukraine or Russia nor any significant business relationships with Ukraine or Russian- based customers or suppliers. To date, we have not experienced any material impacts of the ongoing military conflict. We are monitoring the situation and its impact on the global markets, which may, in turn, impact our business. For example, it is possible that the conflict could result in lower sales if supply parts and raw materials for become

less available or if there are continued significant increases in energy and fuel prices. Based on the continued, and more recently increased market volatility and geopolitical unrest pertaining to the military conflict between Russia and Ukraine and the Middle East, European energy crisis and highly inflationary environment, and corresponding macro-economic uncertainty, we cannot reasonably estimate the full impact the conflict will have on our long-term financial condition, results of operations, liquidity and cash flows. It is not possible to predict the extent and duration of the military conflict, sanctions, and any associated market disruptions, which could have a material adverse effect on our business, financial position, results of operations and cash flows.

A We have identified a material weakness in our internal control over financial reporting which could, if not remediated, result in material misstatements in our financial statements. ~~We have identified a material weakness in our internal control over financial reporting, as described below. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.~~ In connection with the preparation of our annual report for the year ended December 31, ~~2023-2024~~, we identified a material weakness related to the Company's information technology general controls (ITGCs). **The A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As reported in this annual report, the** material weakness identified ~~is as~~ a result of ITGCs that were not designed and operating effectively **related to logical security** ensure IT program and **privileged access** data changes affecting the Company's financial IT applications and underlying accounting records are identified and tested. Business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed to be ineffective because they could have been adversely impacted. We are in the process of implementing database change management and auditing software **for a financially relevant system. In response to the material weakness, the Company removed the privileged access and will further limit users with privileged access** as well as designing **discussed in Item 9A, Controls** and implementing associated management review procedures **Procedures, in this Annual Report**. The actions deemed taken are subject to continued review, supported by monitoring and testing by management as well as audit committee oversight. If our remedial measures are insufficient to address the material weakness, or if ~~additional~~ **another** material weaknesses ~~weakness~~ or significant deficiencies in our internal control are discovered or occur in the future, our ability to report our financial condition and results of operations in a timely and accurate manner may be materially adversely affected and investor confidence in the Company may be negatively impacted. Legal and Regulatory Risks Failure to protect the Company's proprietary rights or the costs of protecting these rights could adversely affect its business. The Company's success depends in part on its ability to obtain patents and trademarks and to preserve other intellectual property rights covering its products and processes. The Company has obtained certain domestic and foreign patents and intends to continue to seek patents on its inventions when appropriate. The process of seeking patent protection can be time consuming and expensive. There can be no assurance that pending patents related to any of the Company's products will be issued, in which case the Company may not be able to legally prevent others from producing similar and / or compatible competing products. If other companies were to sell similar and / or compatible competing products, the Company's results of operations could be adversely affected. Furthermore, there can be no assurance that the Company's efforts to protect its intellectual property will be successful. Any infringement of the Company's intellectual property could have a material adverse effect on the Company. If the Company is found to have infringed the intellectual property rights of others or cannot obtain necessary intellectual property rights from others, its competitiveness could be negatively impaired. If the Company is found to have violated the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, including through the use of third-party marks, ideas, or technologies, such a finding could result in the need to cease use of such mark, trade secret, copyrighted work or patented invention in the Company's business, as well as the obligation to pay for past infringement. If rights holders are willing to permit the Company to continue to use such intellectual property rights, they could require a payment of a substantial amount for continued use of those rights. Either ceasing use or paying such amounts could cause the Company to become less competitive and could have a material adverse effect on the Company's business, financial condition, and results of operations. Even if the Company is not found to infringe a third party's intellectual property rights, claims of infringement could adversely affect the Company's business. The Company could incur significant legal costs and related expenses to defend against such claims, and the Company could incur significant costs associated with discontinuing to use, provide, or manufacture certain products, services or trademarks even if it is ultimately found not to have infringed such rights. Product liability claims or regulatory actions could adversely affect the Company's financial results and reputation. Claims for losses or injuries allegedly caused by some of the Company's products could arise in the ordinary course of its business. In addition to the risk of substantial monetary judgments, product liability claims or regulatory actions could result in negative publicity that could harm the Company's reputation in the marketplace or the value of its brands. The Company also could be required to recall possible defective products, which, if material, could result in adverse publicity and significant expenses. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a deductible or could be excluded under the terms of the policy. Historically, the Company has not experienced any material product liability claims or regulatory actions. The Company's businesses and operations are subject to regulation in the U. S. and abroad. Changes in laws, regulations and related interpretations may alter the environment in which the Company does business. This includes changes in environmental, data privacy, competitive and product-related laws, as well as changes in accounting standards, taxation and other regulations. Accordingly, regulatory, tax and legal contingencies (including environmental, human resource, product liability, patent and other intellectual property matters), should they exist in the future, could require the Company to record significant reserves or pay significant fines or damages during a reporting period, which could materially impact the Company's results. In addition, new regulations may be enacted in the U. S. or abroad that may require the Company to incur additional personnel-related, environmental or other costs on an ongoing basis, significantly

restrict the Company's ability to sell certain products, or incur fines or penalties for noncompliance, any of which could adversely affect the Company's results of operations. As a U. S. -based multinational company, the Company is also subject to tax regulations in the U. S. and multiple foreign jurisdictions, some of which are interdependent. For example, certain income that is earned and taxed in countries outside the U. S. may not be taxed in the U. S. until those earnings are actually repatriated or deemed repatriated. If these or other tax regulations should change, the Company's financial results could be impacted. Certain of our products and facilities are subject to regulation by the FDA and by analogous foreign regulators. The FDA requires us to register certain of our products and manufacturing facilities. Our facilities in the United States are subject to inspections by the FDA while our facility in Canada is subject to inspection by HealthCanada to confirm compliance with their requirements. There can be no assurance that we will be able to continue to comply with FDA and HealthCanada requirements applicable to our current products and facilities or any product or facility we may establish in the future. The failure to address any concerns raised by the FDA and HealthCanada could also lead to facility shutdown or the delay or withholding of product approval by these agencies, or product recalls, and could have a material adverse effect on our business, results of operations and financial condition. The Company is subject to environmental regulation and environmental risks. The Company is subject to national, state, provincial and / or local environmental laws and regulations that impose limitations and prohibitions on the discharge and emission of, and establish standards for the use, disposal and management of, certain materials and waste. These environmental laws and regulations also impose liability for the costs of investigating and cleaning up sites, and certain damages resulting from present and past spills, disposals, or other releases of hazardous substances or materials. Environmental laws and regulations can be complex and may change often. Capital and operating expenses required to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties. In addition, environmental laws and regulations, such as the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, in the United States impose liability on several grounds for the investigation and clean- up of contaminated soil, ground water and buildings and for damages to natural resources on a wide range of properties. For example, contamination at properties formerly owned or operated by the Company, as well as at properties it will own and operate, and properties to which hazardous substances were sent by the Company, may result in liability for the Company under environmental laws and regulations. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future could have a material adverse effect on the Company's financial condition or results of operations.

Risks Related to Our Overseas Operations The Company's operations are global in nature. Our business, financial condition and results of operations could be adversely affected by the political and economic conditions in the countries in which we conduct business, by fluctuations in currency exchange rates and other factors related to our international operations. As our international operations and activities expand, we face increasing exposure to the risks of operating in foreign countries. These factors include:

- Changes generally in political, regulatory or economic conditions in the countries in which we conduct business;
- Trade protection measures in favor of local producers of competing products, including government subsidies, tax benefits, changes in local tax rates, trade actions (such as anti- dumping proceedings) and other measures giving local producers a competitive advantage over the Company;
- Changes in foreign currency exchange rates which could adversely affect our competitive position, selling prices and manufacturing costs, and therefore the demand for our products in a particular market; and
- The effects of any future pandemics in foreign countries. These risks could affect the cost of manufacturing and selling our products, our pricing, sales volume, and ultimately our financial performance. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable. Reliance on foreign suppliers could adversely affect the Company's business. The Company sources its products from suppliers located in Asia, Europe and the United States. The Company's Asia vendors are located primarily in China, which subjects the Company to various risks within the region including regulatory, political, economic and foreign currency changes. The Company's ability to continue to select and retain reliable vendors and suppliers who provide timely deliveries of quality products efficiently will impact its success in meeting customer demand for timely delivery of quality products. The Company's sourcing operations and its vendors are impacted by labor costs in China and other global locations. Labor historically has been readily available at low cost relative to labor costs in North America. However, labor costs have risen in some regions due to the effects of rapid social, political and economic changes. There can be no assurance that labor will continue to be available to the Company's suppliers at costs consistent with historical levels or that changes in labor or other laws will not be enacted which would have a material adverse effect on the Company's operations. Interruption to supplies from any of the Company's vendors, or the loss of one or more key vendors, could have a negative effect on the Company's business and operating results. Changes in currency exchange rates might negatively affect the profitability and business prospects of the Company and its overseas vendors. In particular, the Chinese Renminbi has fluctuated against the U. S. Dollar. If the Chinese Renminbi ~~continues to increase~~ **increases** with respect to the U. S. Dollar in the future, the Company may experience cost increases on such purchases, and this can adversely impact profitability. The Company may not be successful at implementing customer pricing or other actions in an effort to mitigate the related effects of the product cost increases. Additional factors that could adversely affect the Company's business in connection with its foreign suppliers include increases in transportation costs, new or increased import duties, transportation delays, work stoppages, capacity constraints and poor quality; the possibility that the Company might experience any of these factors would increase in the event of future pandemics. Continuing uncertainty in the global economy could negatively impact our business. Uncertainty in the global economy could adversely affect our customers and our suppliers and businesses such as ours. In addition, any uncertainty could have a variety of negative effects on the Company, such as reduction in revenues, increased costs, lower gross margin percentages, increased allowances for ~~doubtful accounts~~ **credit losses** and / or write- offs of accounts receivable and could otherwise have material adverse effects on our business, results of operations, financial condition and cash flows.

~~Changes in trade policies, including the imposition of tariffs and their enforcement, may have a material adverse impact on our business, results of operations, and outlook. In the past, the United States levied tariffs on the import of~~

some products from China, which is an important source of many of the Company's products. In order to offset the impact of to these tariffs, the Company has implemented price increases on the affected products. Tariff levels may be further increased and the types of products subject to tariffs may be expanded. Although the Company intends to continue to pass additional price increases on to our customers, such tariff-related developments could have a negative impact on customer demand and adversely affect our business, financial condition and results of operations. In addition, we might have to modify our current business practices, including potentially sourcing from alternative vendors, which could result in inefficiencies and delays in production and cause the Company to incur additional costs.

Risks Related to Our Common Stock We cannot provide assurance that we will continue to pay dividends or purchase shares of our common stock under our stock repurchase programs. We continue to pay and declare dividends on a quarterly basis and we anticipate that we will continue to do so. However, there can be no assurance that we will have sufficient cash or surplus under applicable law to be able to continue to pay dividends at our current level or purchase shares of our common stock under our stock repurchase programs. This may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures, increases in reserves or lack of available capital. We may also suspend the payment of dividends or our stock repurchase program if the Board deems such action to be in the best interests of our ~~shareholders~~ **stockholders**. If we do not pay dividends or decrease the amount of dividends we pay, the price of our common stock would likely decrease. At December 31, ~~2023~~ **2024**, a total of 160,365 shares may be purchased in the future under the repurchase program which the Company announced in 2019. Our shares of common stock are thinly traded and our stock price may be volatile. Because our common stock is thinly traded, its market price may fluctuate significantly more than the stock market in general or the stock prices of other companies listed on major stock exchanges. There were approximately 3, ~~185,289~~ **316,572** shares of our common stock held by non-affiliates as of December 31, ~~2023~~ **2024**. Thus, our common stock is less liquid than the stock of companies with broader public ownership, and, as a result, the trading price for shares of our common stock may be more volatile. Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger.