Risk Factors Comparison 2024-03-11 to 2023-03-10 Form: 10-K

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The risks described below should be carefully considered before making an investment decision. These are the risk factors that we consider to be material, but they are not the only risk factors that should be considered in making an investment decision. This Form 10- K also contains Forward- Looking Statements that involve risks and uncertainties. See the" Cautionary Notice Regarding Forward- Looking Information," above. Our business, consolidated financial condition and consolidated results of operations could be materially adversely affected by any of the risk factors described below, under" Cautionary Notice Regarding Forward- Looking Information" or with respect to specific Forward- Looking Statements presented herein. The trading price of our securities could decline due to any of these risks, and investors in our securities may lose all or part of their investment. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business in the future. Except as required by the federal securities law, we undertake no obligation to update or revise any risk factor, whether as a result of new information, future events or otherwise. STRATEGIC RISKS We conduct business in a highly competitive industry. Our business operates in a globally competitive industry, with relatively low barriers to entry. We compete principally on the basis of product performance, quality, reliability, depth of product line, customer service, technological innovation, design, delivery time and price. The industry in which we operate has become increasingly concentrated and globalized in recent years and our major competitors, many of which are larger than Bel, have significant financial resources and technological capabilities. Our intellectual property rights may not be adequately protected under the current state of the law. Our efforts to protect our intellectual property rights through patent, copyright, trademark and trade secret laws in the United States and in other countries may not prevent misappropriation, and our failure or inability to protect our proprietary rights could materially adversely affect our business, financial condition, operating results and future prospects. A third party could, without authorization, copy or otherwise appropriate our proprietary information. Our agreements with employees and others who participate in development activities could be breached, we may not have adequate remedies for any breach, and our trade secrets may otherwise become known or independently developed by competitors. Our acquisitions may not produce the anticipated results. A significant portion of our growth has been attributable to acquisitions. We cannot assure that we will identify or successfully complete transactions with suitable acquisition candidates in the future. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our other businesses, our results of operations, enterprise value, market value and prospects could all be materially and adversely affected. Integration of new acquisitions into our consolidated operations may result in lower average operating results for the group as a whole, and may divert management' s focus from the ongoing operations of the Company during the integration period. Our strategy also focuses on the reduction of selling, general and administrative expenses through the integration or elimination of redundant sales facilities and administrative functions at acquired companies. If we are unable to achieve our expectations with respect to our acquisitions, such inability could have a material and adverse effect on our results of operations. If the acquisitions fail to perform up to our expectations, or if there is a weakening of economic conditions, we could be required to record impairment charges on the goodwill associated with our acquisitions. We are dependent on our ability to develop new products. Our future operating results are dependent, in part, on our ability to develop, produce and market new and more technologically advanced products. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to timely develop and bring to market new products and applications to meet customers' changing needs. OPERATIONAL RISKS Our global operations and demand for our products face risks related to health epidemics such as the coronavirus. Any outbreaks of contagious diseases and other adverse public health developments in countries where we operate could have a material and adverse effect on our business, consolidated financial condition and consolidated results of operations. ~~In January 2020, the outbreak of COVID- 19 was first identified. In March 2020, the World Health Organization declared the outbreak of COVID- 19 a pandemic, variants of which continue to spread and have ramifications throughout and upon the U. S. and the world.~~ Over the past three years, our business was impacted by temporary facility closures, shelter- in- place orders and challenges related to travel restrictions imposed by the local governmental authorities **as a result of COVID**. Our suppliers, customers and our customers' contract manufacturers have experienced similar challenges from time to time throughout the pandemic. ~~The ongoing impact~~ **As the status of the COVID pandemic** and **its** ~~continuing and future~~ effects ~~from the rapidly changing U. S. and global market and economic conditions due to the COVID- 19 outbreak is uncertain, with disruptions to the business of our customers and suppliers, which have impacted, and could~~ continue ~~to impact, our business and consolidated results of operations and financial condition. During March 2022, the PRC government issued a notice with immediate effect whereby certain regions were temporarily shut down to perform widespread testing in response to a COVID outbreak in those regions and in accordance with Beijing' s" zero- tolerance" policy at the time. Our Bel Power Solutions manufacturing facility in Shenzhen, China and our Magnetics TRP manufacturing facility in Changping, China were closed for approximately one week during the month of March 2022 while residents underwent testing. Upon the discontinuation of COVID protocols in the PRC in late 2022, we experienced approximately 3- 4 weeks between December 2022 and January 2023 where the attendance rate of workers at our factories in the PRC were very low due to COVID outbreaks in the regions in which we operate. As the status of the ongoing COVID- 19 pandemic continues~~ to evolve, additional Bel facilities could become negatively impacted. COVID ~~- 19~~ remains a potential supply continuity risk due to the unknown nature of future outbreaks including as a result of the emergence of further COVID ~~- 19~~ virus variants. The extent to which COVID ~~- 19~~ will impact our business and our consolidated financial results will depend on future developments which are highly uncertain and cannot be predicted at the time of the filing of this Annual Report on Form 10- K. See" ~~The Effects~~ **Overview- Key Factors Affecting our Business- Potential Future Impacts** of COVID ~~- 19 on Bel' s Business~~ " in Item 7 of this Annual Report on Form 10- K for a discussion of ~~how~~ **current and potential future impacts of** COVID **upon** ~~- 19 is currently impacting~~ our business. We may experience labor unrest. As we periodically implement transfers of certain of our operations, we may experience strikes or other types of labor unrest as a result of lay- offs or termination of employees in higher labor cost countries. Our manufacturing facilities in the United Kingdom and Mexico are represented by labor unions and substantially all of our factory workers in the PRC are represented by government- sponsored unions. We may experience labor shortages. Government, economic, social and labor policies in the PRC may cause shortages of factory labor in areas where we have some of our products manufactured. Further, availability of labor in the PRC is cyclical and is significantly affected by the migration of workers in relation to the annual Lunar New Year holiday. If we are required to manufacture more of these products outside of the PRC as a result of such shortages, our margins will likely be materially adversely affected. A shortage of availability or an increase in the cost of raw materials, components and other resources may adversely impact our ability to procure these items at cost effective prices and thus may negatively impact profit margins. Additionally, inflationary pressures could result in higher input costs and materially adversely affect our financial results. Our results of operations may be materially adversely impacted by difficulties in obtaining raw materials, supplies, power, labor, natural resources and any other items needed for the production of our products, as well as by the effects of quality deviations in raw materials and the effects of significant fluctuations in the prices of existing inventories and purchase commitments for these materials. Many of these materials and components are produced by a limited number of suppliers and their availability to us may be constrained by supplier capacity. ~~Beginning in the third quarter of 2021, pandemic- related issues have created additional port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of critical parts. A further increase in demand for electronic components within the industry had led to incremental direct and indirect supply chain challenges related to raw material availability and logistics which persisted throughout 2022. We expect this environment to continue through at least the first half of 2023.~~ Any material disruption could materially adversely affect our financial results. In addition, inflationary pressures could result in higher input costs, including those related to our raw materials, labor, freight, utilities, healthcare and other expenses. Our future operating results will depend, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings initiatives and sourcing decisions, and any negative impact of inflation could materially adversely affect our financial results. See " **Overview** ~~The Effects of COVID~~ - ~~19 on Bel' s Business " and" Other~~ Key Factors Affecting our Business" in Item 7 of this Annual Report on Form 10- K for a discussion of how pricing and availability of materials is currently impacting our business. We have substantial manufacturing operations located in the PRC, which exposes us to significant risks that could materially and adversely affect our business, operations, consolidated financial condition and consolidated results of operations. The majority of Bel' s Magnetic Solutions manufacturing capacity and supplier base is located in the PRC, as is a portion of Bel' s Power Solutions and Protection group. As of December 31, ~~2022~~ **2023** , ~~56~~ **50** % of our associates, ~~68~~ **74** % of our owned or leased manufacturing facilities (by square footage) and ~~35~~ **24** % of our Company' s tangible assets were all located in the PRC. Our Company' s presence and operations in the PRC expose us to significant risks that could materially and adversely affect our Company and our business, operations, financial position and results of operations. For example, our significant operational presence in the PRC exposes us to foreign currency exchange risk. Our PRC- based manufacturing associates' salaries, and other labor and overhead costs, associated with our PRC operations are paid in the Chinese renminbi. As a result, the cost of our operations and our consolidated operating results may be adversely impacted by the effects of fluctuations in the applicable exchange rate for the renminbi as compared to the U. S dollar. Our significant labor force based within the PRC subjects us to risks associated with staffing and managing this substantial complement of factory workers and other associates who are important to our Company' s operations and success. As noted above, factory workers in the PRC are represented by government- sponsored unions, and are participants in a cyclical labor market that may become subject to shortages including as a result of PRC government policies. See " We may experience labor unrest " and " We may experience labor shortages " above. Wage rates in the PRC have been increasing in recent years as PRC government- mandated increases in the minimum wage rate have caused an increase in our overall pay scale for our PRC workers. The PRC government has broad authority and discretion to regulate the economy, manufacturing, industry, and the technology sector, among other areas generally. As a result, our activities and operations in the PRC as well as those of our PRC- based suppliers are subject to extensive local government regulation. Additionally, the PRC government has implemented policies from time to time to regulate economic expansion. It exercises significant control over its economic growth through the allocation of resources, setting monetary policy and providing preferential treatment to particular industries or companies. Any additional new regulations or the amendment of previously implemented regulations could require us to change our business plans, increase our costs, or limit our ability to manufacture and sell products domestically and / or otherwise restrict or curtail our operations in the PRC. To the extent our suppliers in the PRC are negatively impacted by new or amended regulations, any such negative implications could adversely impact our supply chain, including in the form of increased costs, disruptions, shortages or unavailability of product or component parts, and / or other deleterious consequences, which could materially adversely affect our business and operating results. ~~In late 2022, there were widespread COVID outbreaks, due to relaxing of government mandates, at our factories and those related to our supply chain in the PRC. While these events did not have a material impact on our business and are not presently ongoing as of the date of this filing, any prolonged shutdown of our or our suppliers' factories (or other interference or limitation of production capacity resulting from other PRC infrastructure issues or government regulations, policies, mandates or otherwise), could cause significant disruption to our supply chain and / or Bel' s ability to manufacture its products, and have a materially adverse effect on our business and operating results.~~ Our significant manufacturing operations in the PRC ~~also~~ **may** expose us to other risks. Risks inherent in our PRC operations include the following: ● changes in import, export, transportation regulations and tariffs, and risks associated with boycotts and embargoes;

● changes in, or impositions of, legislative or regulatory requirements or restrictions, including tax and trade laws in the U. S. and in the PRC, and government action to restrict our ability to sell to customers where sales of products may require export licenses; ● transportation delays and other supply chain issues; ● changes in tax regulations in the U. S. and / or the PRC, including restrictions and / or taxes applicable to the transfer or repatriation of funds; ● international political relationships, including the relationship between the U. S. and the PRC; ● epidemics and illnesses (including COVID ~~- 19~~ , ~~and~~ any new variants that may emerge **, and any future health crises**) within the PRC that affect the areas in which we operate and manufacture our products; ● economic, social and political instability; ● longer accounts receivable collection cycles and difficulties in collecting accounts ~~receivables~~ - **receivable** ; ● less effective protection of intellectual property and contractual arrangements, and risks associated with enforcing contracts and legal rights and remedies generally; ● uncertainties associated with the PRC legal system, which is based on civil law, can involve protected proceedings involving substantial judicial discretion, and is based in part on PRC government policies and internal rules, some of which are not published on a timely basis, or at all, and may have retroactive effect; ● risks arising out of any changes in governmental and economic policy and the potential for adverse developments arising out of any political or economic instability related to Hong Kong or Taiwan; ● the potential for political unrest, expropriation, nationalization, revolution, war or acts of terrorism; and ● risks associated with the concentration of a substantial portion of our manufacturing capacity and supplier base in the PRC. In addition to the risks associated with our PRC operations described above, the global nature of our operations generally subjects us to additional risks. We conduct operations in ~~15~~ **14** countries, and outside of the United States (and the PRC), our largest manufacturing operations and associate populations are located within Mexico, Slovakia, the Dominican Republic, India and the United Kingdom. Please see the Risk Factor appearing below under the caption, ~~“~~ **"** The global nature of our operations exposes us to numerous risks that could materially adversely affect our consolidated financial condition and consolidated results of operations. ” The loss of certain substantial customers could materially and adversely affect us. During the year ended December 31, ~~2022~~ **2023** , **while there were no direct customers whose sales exceeded 10 % of our 2023 consolidated net sales,** ~~approximately~~ **approximately11** ~~17~~ . 6 % of the Company' s total net sales were sold to one ultimate end- user through various intermediary contract manufacturers. ~~The largest Bel direct- customer was an intermediary contract manufacturer that manufactured and assembled products to various end customers, which represented 12. 8 % of our 2022 consolidated net sales.~~ While Bel sells a diversified portfolio of products to this ultimate end- user, we believe that the loss of ~~either of~~ this ~~ultimate~~ end user ~~and / or this intermediate contract manufacturer~~ could have a material adverse effect on our consolidated financial position and consolidated results of operations. We have experienced significant concentrations of customers in prior years. See Note ~~13~~ **14** ," Segments" for additional disclosures related to our significant customers. Furthermore, factors that negatively impact the businesses of our major customers could materially and adversely affect us even if the customer represents less than 10 % of our ~~2022~~ **2023** consolidated net sales. We may not achieve all of the expected benefits from our restructuring programs. In 2022, we announced restructuring plans related to four facility consolidations as further described in" ~~Other~~ **Overview-** Key Factors Affecting our Business **- Restructuring** " in Item 7 of this Annual Report. Management has estimated that these initiatives will result in restructuring costs of approximately $ ~~12~~ **13. 4** million ($ ~~7~~ **6** . 3 million of which was incurred through December 31, ~~2022~~ **2023**), incremental capital expenditures of approximately $ 5 million and once complete, annualized cost savings of approximately $ **6. 9 million. Additionally, in connection with a new restructuring initiative implemented in the fourth quarter of 2023 involving the transition of certain manufacturing from our Glen Rock, Pennsylvania facility to other existing Bel sites as further described in" Overview – Key Factors Affecting our Business – Restructuring" in Item 7 of this Annual Report, management estimated that the initiative will result in restructuring costs of approximately $ 0.** 5 **million ($ 0. 4 million of which was incurred through December 31, 2023) and once complete, annualized cost savings of approximately $ 1. 0** million. We made certain assumptions in estimating the anticipated savings we expect to achieve related to these initiatives, which include the estimated savings from the elimination of certain headcount and the consolidation of facilities. These assumptions may turn out to be incorrect due to a variety of factors. In addition, our ability to realize the expected benefits from these programs is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. If we are unsuccessful in implementing these programs or if we do not achieve our expected results, our results of operations and cash flows could be adversely affected or our business operations could be disrupted. As mentioned above, the amounts set forth in the foregoing including anticipated restructuring costs, incremental capital expenditure spend and annualized cost savings are the Company’ s current estimates based on information presently available to the Company, assumptions and circumstances as they exist in each case at the time of filing of this Annual Report on Form 10- K, and are subject to change. See" Cautionary Notice Regarding Forward- Looking Information." ~~There are risks related to the implementation of our new global enterprise resource planning system. We have been engaged in a multi-year process of conforming the majority of our operations onto one global enterprise resource planning system (" ERP"). The ERP is designed to improve the efficiency of our supply chain and financial transaction processes, accurately maintain our books and records, and provide information important to the operation of the business to our management team. While this project is substantially complete, the conversion of recent acquisitions onto the new ERP system, or any significant deficiency in the design and implementation of the ERP could negatively impact data processing and electronic communications among business locations, which may have a material adverse effect on our business, consolidated financial condition or consolidated results of operations.~~ FINANCIAL RISKS There are several factors which can cause our margins to suffer. Our margins could be substantially impacted by the following factors. ● Declines in Selling Prices: The average selling prices for our products tend to decrease over their life cycles, and customers put pressure on suppliers to lower prices even when production costs are increasing. Further, increased competition from low- cost suppliers around the world has put additional pressures on pricing. Any drop in demand for our products or increase in supply of competitive products could also cause a ~~dramatic~~ **significant** drop in our average sales prices. ● Increases in Material Costs: While we continually strive to negotiate better pricing for components and raw materials, there are many factors that could lead to higher material costs, or premiums incurred for expedited orders, including an increase in industry demand for or supplier shortages of certain components, or inflationary pressures. Further, commodity prices, especially those pertaining to gold, copper and silver, can be volatile. Fluctuations in these prices and other commodity prices associated with Bel' s raw materials will have a corresponding impact on our profit margins. ● Increases in Labor Costs: Wage rates, particularly in the PRC, Mexico and Slovakia where the majority of our manufacturing associates are located, have been gradually increasing in recent years as government- mandated increases in the minimum wage rate in these jurisdictions cause an increase in our overall pay scale. Labor costs can also be impacted by fluctuations in the exchange rates in which local wages are paid as compared to the U. S. dollar. Profit margins will be materially and adversely impacted if we are not able to reduce our costs of production, introduce technological innovations as sales prices decline, or pass through cost increases to customers. Our backlog figures may not be reliable indicators. Many of the orders that comprise our backlog may be delayed, accelerated or canceled by customers without penalty. Customers may on occasion double order from multiple sources to ensure timely delivery when lead times are particularly long. Customers often cancel orders when business is weak and inventories are excessive. Additional factors that could cause the Company to fail to ship orders comprising our backlog include unanticipated supply difficulties, changes in customer demand and new customer designs. Throughout ~~2022~~ **2023** , Bel has faced macroeconomic and ~~global~~ **excessive levels of inventory within the** supply **channel** ~~chain challenges,~~ and these conditions ~~are~~ expected to continue through at least the first half of ~~2023~~ **2024** . Due to the foregoing factors, we cannot be certain that the amount of our backlog equals or exceeds the level of orders that will ultimately be delivered, and backlog may not be a reliable indicator of the timing of future sales. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog. We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay acquisitions, investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Our credit agreement restricts our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our consolidated financial position and consolidated results of operations. If we cannot make scheduled payments on our debt, we will be in default, the lenders under the credit agreement could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. Our level of indebtedness could negatively impact our access to the capital markets and our ability to satisfy financial covenants under our existing credit agreement. Our U. S. debt service requirements are significant in relation to our U. S. revenue and cash flow. This leverage exposes us to risk in the event of downturns in our business, in our industry or in the economy generally, and may impair our operating flexibility and our ability to compete effectively. Our current credit agreement requires us to maintain certain covenant ratios. If we do not continue to satisfy these required ratios or receive waivers from our lenders, we will be in default under the credit agreement, which could result in an accelerated maturity of our debt obligations. We cannot assure investors that we will be able to access private or public debt or equity on satisfactory terms, or at all. Any equity financing that could be arranged may dilute existing shareholders and any debt financing that could be arranged may result in the imposition of more stringent financial and operating covenants. LEGAL, TAX AND REGULATORY RISKS We may be sued by third parties for alleged infringement of their proprietary rights and we may incur defense costs and possibly royalty obligations or lose the right to use technology important to our business. From time to time, we receive claims by third parties asserting that our products violate their intellectual property rights. Any intellectual property claims, with or without merit, could be time consuming and expensive to litigate or settle and could divert management attention from administering our business. A third party asserting infringement claims against us or our customers with respect to our current or future products may materially and adversely affect us by, for example, causing us to enter into costly royalty arrangements or forcing us to incur settlement or litigation costs. We are subject to taxation in multiple jurisdictions. As a result, any adverse development in the tax laws of any of these jurisdictions or any disagreement with our tax positions could have a material adverse effect on our business, consolidated financial condition or consolidated results of operations. We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to transfer pricing laws with respect to our intercompany transactions, including those relating to the flow of funds among our companies. Adverse developments in fiscal or tax laws, regulations or policies, or any change in position regarding the application, administration or interpretation thereof, in any applicable jurisdiction, could have a material adverse effect on our business, consolidated financial condition or consolidated results of our operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. If any applicable tax authorities, including U. S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could have a material adverse effect on our business, consolidated financial condition or consolidated results of our operations. Our results of operations may be materially and adversely impacted by environmental and other regulations. Our manufacturing operations, products and / or product packaging are subject to environmental laws and regulations governing air emissions; wastewater discharges; the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing processes; employee health and safety labeling or other notifications with respect to the content or other aspects of our processes, products or packaging; restrictions on the use of certain materials in or on design aspects of our products or product packaging; and, responsibility for disposal of products or product packaging. Discussions and proposals related to gas emissions and climate change have increasingly become the subject of substantial attention; additional regulation in this area could have the effect of restricting our business operations or increasing our operating costs. More stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with these regulations. ESG issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and could damage our reputation. Companies across all industries are facing increasing scrutiny relating to their ESG policies. Increased focus and activism related to ESG may hinder our access to capital, as investors may reconsider their capital investment as a result of their assessment of our ESG practices. In particular, investors, customers and other stakeholders are increasingly focusing on environmental issues, including climate change, water use, waste and other sustainability concerns. Changing customer or consumer preferences may also result in increased demands regarding components and materials including packaging materials, including with respect to their environmental impact on sustainability. These demands could impact the profitability products, cause us to incur additional costs, to make changes to our operations, or to make additional commitments, set targets or establish additional goals and take actions to meet them, which could expose us to market, operational and execution costs or risks. In addition, governmental and non- governmental organizations, investors, customers, consumers, our employees and other stakeholders have placed increasing importance on ESG matters, and depending on their assessment of our ESG practices, certain investors may reconsider their investment in the Company. Concern over climate change, waste, consumption or use of materials including packaging materials, may result in new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment. Increased regulatory requirements, including in relation to various aspects of ESG including the SEC' s recent disclosure proposal on climate change, or environmental causes may result in increased compliance or input costs of energy, raw materials or compliance with emissions standards, which may cause disruptions in the manufacture of our products or an increase in operating costs. We may undertake additional costs to control, assess and report on ESG metrics as the nature, scope and complexity of ESG reporting, diligence and disclosure requirements expand. Our ability to achieve any stated goal, target, or objective is subject to numerous factors and conditions, many of which are outside of our control. Any failure to achieve our ESG goals or ambitions or a perception (whether or not valid) of our failure to act responsibly with respect to the environment or to effectively respond to new, or changes in, legal or regulatory requirements concerning environmental or other ESG matters, or increased operating or manufacturing costs due to increased regulation or environmental causes could adversely affect our business and reputation. If we do not adapt to or comply with new regulations, or fail to meet ESG goals or ambitions or evolving investor, industry or stakeholder expectations and standards, or if we are perceived to have not responded appropriately to the growing concern for ESG issues, customers may choose to stop purchasing our products or purchase products from another company or a competitor, and our reputation, business or financial condition may be adversely affected. Expanding and evolving data privacy laws and regulations could impact our business and expose us to increased liability. Our global business is subject to complex and changing laws and regulations including but not limited to privacy, data security and data localization. Evolving foreign events ~~, including the effect of the United Kingdom's withdrawal from the European Union,~~ may adversely affect our revenues and could subject us to new regulatory costs and challenges (such as the transfer of personal data between the EU and the United Kingdom), in addition to other adverse effects that we are unable to effectively anticipate. This may impose significant requirements on how we collect, process and transfer personal data, as well as significant financial penalties for non- compliance. Any inability to adequately address privacy concerns, even if unfounded, or to comply with the more complex privacy or data protection laws, regulations and privacy standards, could lead to significant financial penalties, which may result in a material and adverse effect on our consolidated results of operations. RISKS RELATED TO OUR COMMON STOCK As a result of protective provisions in the Company' s **Restated** ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation , as amended** , the voting power of holders of Class A common shares whose voting rights are not suspended (including officers, directors and principal shareholders) may be increased at future meetings of the Company' s shareholders. The Company' s **Restated** ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation , as amended,** provides that if a shareholder, other than shareholders subject to specific exceptions, acquires (after the date of the Company' s 1998 recapitalization) 10 % or more of the outstanding Class A common stock and does not own an equal or greater percentage of all then outstanding shares of both Class A and Class B common stock (all of which common stock must have been acquired after the date of the 1998 recapitalization), such shareholder must, within 90 days of the trigger date, purchase Class B common shares, in an amount and at a price determined in accordance with a formula described in the Company' s **Restated** ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation , as amended** , or forfeit its right to vote its Class A common shares. As of February ~~28~~ **29** , ~~2023~~ **2024** , to the Company' s knowledge, there was one shareholder of the Company' s common stock with ownership in excess of 10 % of Class A outstanding shares with no ownership of the Company' s Class B common stock and with no basis for exception from the operation of the above- mentioned provisions. In order to vote its shares at Bel' s next shareholders' meeting, this shareholder must either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until its Class A holdings are under 10 %. As of February ~~28~~ **29** , ~~2023~~ **2024** , to the Company' s knowledge, this shareholder ~~owned17~~ -- **owned 16** . ~~9~~ **7** % of the Company' s Class A common stock and had not taken steps to either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until its Class A holdings fall below 10 %. Unless and until this situation is satisfied in a manner permitted by the Company' s Restated Certificate of Incorporation, **as amended,** the subject shareholder will not be permitted to vote its shares of common stock. To the extent that the voting rights of particular holders of Class A common stock are suspended as of times when the Company' s shareholders vote due to the above- mentioned provisions, such suspension will have the effect of increasing the voting power of those holders of Class A common shares whose voting rights are not suspended. As of February ~~28~~ **29** , ~~2023~~ **2024** , Daniel Bernstein, the Company' s Chief Executive Officer, beneficially owned ~~381~~ **382** , ~~720~~ **032** Class A common shares (or 21. ~~7~~ **4** %) of the outstanding Class A common shares whose voting rights were not suspended, and all directors and current executive officers as a group (which includes Daniel Bernstein) beneficially owned ~~397~~ **396** , ~~505~~ **175** Class A common shares (or 22. ~~4~~ **2** %) of the outstanding Class A common shares whose voting rights were not suspended. Our stock price, like that of many companies, has been and may continue to be volatile. The market price of our common stock may fluctuate as a result of variations in our quarterly operating results and other factors beyond our control. These fluctuations may be exaggerated if the trading volume of our common stock is low. The market price of our common stock may rise and fall in response to a variety of other factors, including: • announcements of technological or competitive developments; • general market or economic conditions; • the continuing and uncertain future impact of the ~~ongoing~~ COVID ~~- 19~~ pandemic on our operations and supply chain; • market or economic conditions specific to particular geographical areas in which we operate; • acquisitions or strategic alliances by us or our competitors; • our ability to achieve our anticipated cost savings from announced restructuring programs; • the gain or loss of a significant customer or order; **• changes in the amount or frequency of our payments of dividends or repurchases of our common stock;** or • changes in estimates of our financial performance or changes in recommendations by securities analysts regarding us or our industry **.** In addition, equity securities of many companies have experienced significant price and volume fluctuations even in periods when the capital markets generally are not distressed. These price and volume fluctuations often have been unrelated to the operating performance of the affected companies. GENERAL RISKS We ~~operate~~ **manufacture** in ~~15~~ **7** countries, and our products are distributed in those countries as well as in other parts of the world. A large portion of our manufacturing operations are located outside of the United States and a large portion of our sales are generated outside of the United States. Operations outside of the United States, particularly operations in developing regions, are subject to various risks that may not be present or as significant for our U. S. operations. Economic uncertainty in some of the geographic regions in which we operate, including developing regions, could result in the disruption of commerce and negatively impact cash flows from our operations in those areas. Risks inherent in our international operations include: ● COVID ~~- 19~~ - related closures and other pandemic- related uncertainties in the countries in which we operate; ● Import and export regulations that could erode profit margins or restrict exports; ● Foreign exchange controls and tax rates; ● Foreign currency exchange rate fluctuations, including devaluations; ● Changes in regional and local economic conditions, including local inflationary pressures; ● Difficulty of enforcing agreements and collecting receivables through certain foreign legal systems; ● Variations in protection of intellectual property and other legal rights; ● More expansive legal rights of foreign unions or works councils; ● Changes in labor conditions and difficulties in staffing and managing international operations; ● Inability or regulatory limitations on our ability to move goods across borders; ● Changes in laws and regulations, including the laws and policies of the United States affecting trade, tariffs and foreign investment; ● Restrictive governmental actions such as those on transfer or repatriation of funds and trade protection matters, including antidumping duties, tariffs, trade wars, embargoes and prohibitions or restrictions on acquisitions or joint ventures; ● Social plans that prohibit or increase the cost of certain restructuring actions; ● The ~~uncertainty surrounding the effect of the United Kingdom' s withdrawal from the European Union; ● The~~ potential for nationalization of enterprises or facilities; and ● Unsettled political conditions and possible terrorist attacks against U. S. or other interests. As a multi- national company, we are faced with increased complexities due to recent changes to the U. S. corporate tax code relating to our unremitted foreign earnings, potential revisions to international tax law treaties, and renegotiated trade deals. In addition, other events, such as the ~~United Kingdom' s exit from the European Union and the~~ ongoing discussion and negotiations concerning varying levels of tariffs on product imported from the PRC **,** also create a level of uncertainty. If we are unable to anticipate and effectively manage these and other risks, it could have a material and adverse effect on our business, our consolidated results of operations and consolidated financial condition. The recent political tensions and armed conflict involving Russia and Ukraine continues to evolve and we are closely monitoring this dynamic situation. The Company has indefinitely ceased all shipments of product to customers in Russia. The Company' s operations in Slovakia have not been, and are not currently expected to be, impacted by the political instability of the Russia- Ukraine conflict as our facility is not in close proximity to the Ukraine border. We do not currently anticipate any material impact to the Company' s financial results. For additional information regarding risks associated with our operations in the PRC, see the discussion set forth above under the caption, ~~“~~ **"** We have substantial manufacturing operations located in the PRC, which exposes us to significant risks that could materially and adversely affect our business, operations, consolidated financial condition and consolidated results of operations. ~~” Cyber~~ **" Cybersecurity** risk and the failure to maintain the integrity of our operational or security systems or infrastructure, or those of third parties with which we do business, could have a material adverse effect on our business, consolidated financial condition and consolidated results of operations. ~~Cyber~~ **Cybersecurity** threats, including but not limited to malware, phishing, credential harvesting, ransomware and other attacks, are rapidly evolving and are becoming increasingly sophisticated, making it difficult to detect and prevent such threats from impacting the Company. Our Company has seen an increased volume of ~~cyber~~ **cybersecurity** threats and ransomware attempts **in 2023** ~~throughout the COVID- 19 pandemic~~ and expects to continue to experience ~~cyber~~ **cybersecurity** threats from time to time, which pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or **cybersecurity** ~~cyber-~~ attacks or security breaches of our networks ~~or~~ **,** systems **or applications** , could result in the loss of customers and business opportunities, legal liability, regulatory fines, penalties or intervention, other litigation, regulatory and legal risks and the costs associated therewith, reputational damage, reimbursement or other compensatory costs, remediation costs, increased cybersecurity protection costs, additional compliance costs, increased insurance premiums, and lost revenues, damage to the Company' s competitiveness, stock price, and long- term shareholder value, any of which could materially adversely affect our business, financial condition and results of operations. While we attempt to mitigate these risks, our systems, networks, products, solutions and services remain potentially vulnerable to advanced and persistent threats. We also maintain and have access to sensitive, confidential or personal data or information in certain of our businesses that is subject to privacy and security laws and regulations. Despite our efforts to protect such sensitive, confidential or personal data or information, our facilities and systems and those of our customers and third- party service providers may be vulnerable to security breaches, theft, fraud, misplaced or lost data, " Acts of God ", programming and / or human errors that could lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our consolidated financial condition and consolidated results of operations. A loss of the services of the Company' s executive officers or other skilled associates could negatively impact our operations and results. The success of the Company' s operations is largely dependent upon the performance of its executive officers, managers, engineers and salespeople. Many of these individuals have a significant number of years of experience within the Company and / or the industry in which we compete and would be extremely difficult to replace. The loss of the services of any of these associates may materially and adversely impact our results of operations if we are unable to replace them in a timely manner.