Risk Factors Comparison 2024-03-05 to 2023-03-16 Form: 10-K

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Investors should carefully consider the risk factors set forth below as well as the other information contained in this **Annual** ~~report~~ **Report** . Any of the following risks could materially and adversely affect our business, financial condition or results of operations and could cause our results to differ from the " forward- looking statements " contained in this Annual Report. Additional risks and uncertainties not currently known to us or those currently viewed by us to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Risks Related to our Business and Industry We serve customers and have locations throughout the world and are subject to terrorist attacks, acts of war, natural disasters, global pandemic and other similar risks, ~~including without limitation, COVID- 19,~~ which could materially adversely affect our business, financial condition, and results of operations. Terrorist attacks, acts of war, natural disasters, global pandemics or other disasters or public health concerns in regions of the world where we have operations could result in the disruption of our business. Such acts, including Russia' s **military** ~~February 2022~~ invasion of Ukraine **and the Israel- Hamas war** , have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Specifically, these acts, pandemics, disasters and health concerns can result in increased travel restrictions and extended shutdowns of certain businesses in the region, as well as social, economic, or labor instability. Disruptions in affected regions over a prolonged period could have a material adverse impact on our business and our financial results ~~. The global COVID- 19 pandemic continues to impact the Company' s business, through significant shortages, disruptions, constraints, extended lead times, and unpredictability across the global supply chain; which has resulted in rapidly changing market conditions, including frequent, and unpredictable, increases in the price of products and services the Company sells. Further disruptions to the supply chain due to the COVID- 19 pandemic and its variants, or other global or domestic events could materially adversely impact the Company' s business, and the Company may not be able to mitigate or prevent disruptions that may arise from shortages, or the other related impacts discussed above, particularly if the Company is unable to pass price increases on to customers, or if the Company experiences significant decreases in price, or other pricing pressures caused by disruption of the global markets in which it operates. Even after the COVID- 19 pandemic has subsided and the U. S. Administration announced that the Covid public health emergency is set to expire on May 11, 2023, we may continue to experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future. Refer to" COVID- 19 Pandemic Update" in Management' s Discussion & Analysis of Financial Condition and Results of Operations for a further discussion about the Company' s description about the impacts of COVID- 19~~ . Changes in the information technology industry and / or economic environment may reduce demand for the products and services we sell. Our results of operations are influenced by a variety of factors, including the condition of the IT industry, general economic conditions, shifts in demand for, or availability of, computer products and software and IT services and industry introductions of new products, upgrades or methods of distribution. The information technology products industry is characterized by abrupt changes in technology, rapid changes in customer preferences, short product life cycles and evolving industry standards. Net sales can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material adverse effect on our net sales, and / or cause us to record write- downs of obsolete inventory, if we fail to react in a timely manner to such changes. We rely on our vendor partners for product availability, marketing funds, purchasing incentives and competitive products to sell. We acquire products for resale both directly from manufacturers and indirectly from distributors. The loss of a vendor partner could cause a disruption in the availability of products. Additionally, there is no assurance that as manufacturers continue to or increasingly sell directly to end users and through the distribution channel, that they will not limit or curtail the availability of their products to distributors / resellers like us. For example, resellers and software vendors may attempt to increase the volume of software products distributed electronically through Electronic Software Distribution (" ESD ") technology, through subscription services, and through on- line shopping services, and correspondingly, decrease the volume of products sold through us. Our inability to obtain a sufficient quantity of products, or an allocation of products from a manufacturer in a way that favors one of our competitors, or competing distribution channels, relative to us, could cause us to be unable to fill clients' orders in a timely manner, or at all, which could have a material adverse effect on our business, results of operations and financial condition. We also rely on our vendor partners to provide funds for us to market their products, including through our on- line marketing efforts, and to provide purchasing incentives to us. If any of the vendor partners that have historically provided these benefits to us decides to reduce such benefits, our expenses would increase, adversely affecting our results of operations. The IT products and services industry is intensely competitive and actions of competitors, including manufacturers of products we sell, can negatively affect our business. Competition has been based primarily on price, product availability, speed of delivery, credit availability and quality and breadth of product lines and, increasingly, also is based on the ability to tailor specific solutions to client needs. We compete with manufacturers, including manufacturers of products we sell, as well as a large number and wide variety of marketers and resellers of IT products and services. In addition, manufacturers are increasing the volume of software products they distribute electronically directly to end- users and in the future, will likely pay lower referral fees for sales of certain software licensing agreements sold by us. Generally, pricing is very aggressive in the industry, and we expect pricing pressures to continue. There can be no assurance that we will be able to negotiate prices as favorable as those negotiated by our competitors or that we will be able to offset the effects of price reductions with an increase in the number of clients, higher net sales, cost reductions, or greater sales of services, which service sales typically are delivered at higher gross margins, or otherwise. Price reductions by our competitors that we either cannot or choose not to match, could result in an erosion of our market share and / or reduced sales or, to the extent we match, such reductions, could result in reduced operating margins, any of which could have a material adverse effect on our business, results of operations and financial condition. The way software products are distributed and sold is changing, and new methods of distribution and sale may emerge or expand. Software vendors have sold, and may intensify their efforts to sell, their products directly to end- users. There can be no assurances that software developers and vendors will continue using distributors and resellers to the same extent they currently do. Future efforts by software developers and vendors to bypass third- party sales channels could materially and adversely affect the Company' s business, results of operations and financial condition. In addition, resellers and software vendors may attempt to increase the volume of software products distributed electronically through ESD technology, through subscription services, and through on- line shopping services. Any of these competitive programs, if successful, could have a material adverse effect on the Company' s business, results of operations and financial condition. The Company' s business and results of operations may be adversely affected if the terms and conditions of the Company' s authorizations with its vendors were to be significantly modified or if certain products become unavailable to the Company. We offer credit to our customers and, therefore, are subject to significant credit risk. We sell our products to a large and diverse customer base. We finance a significant portion of such sales through trade credit, typically by providing 30 to 60-day payment terms. In addition, we offer extended payment terms to certain customers for terms of up to two years. As a result, our business could be adversely affected in the event of a deterioration of the financial condition of our customers, resulting in the customers' inability to repay us. This risk may increase if there is a general economic downturn affecting a large number of our customers and in the event our customers do not adequately manage their business or properly disclose their financial condition. Also, certain of our larger customers require greater than 30- day payment terms which could increase our credit risk and decrease our operating cash flow. We face substantial competition from other companies. We compete in all areas of our business against local, regional, national, and international firms. Some of our current competitors have substantially greater capital resources and sales and distribution capabilities than we do. In response to competitive pressures from any of our current or future competitors, we may be required to lower selling prices in order to maintain or increase market share, and such measures could adversely affect our operating results. In addition, we face competition from vendors, which may choose to market their products directly to end- users, rather than through channel partners such as the Company, and this could adversely affect our future sales. Many competitors compete based principally on price and may have lower costs or accept lower selling prices than we do and, therefore, our gross margins may not be maintainable. Our gross margins have declined historically and may continue to decline in the future. Our competitors may offer better or different products and services than we offer. In addition, we do not have guaranteed purchasing volume commitments from our customers and, therefore, our sales volume may be volatile. ~~8Our -~~ **Our** business is substantially dependent on a limited number of customers and vendors, and the loss or any change in the business habits of such key customers or vendors may have a material adverse effect on our financial position and results of operations. Because our standing arrangements and agreements with our customers and vendors typically contain no purchase or sale obligations and are terminable by either party upon several months or otherwise relatively short notice, we are subject to significant risks associated with the loss or change at any time in the business habits and financial condition of key customers or vendors. We have experienced the loss and changes in the business habits of key customer and vendor relationships in the past and expect to do so again in the future. Sales of products purchased from our largest two vendors accounted for ~~26~~ **23** % of our ~~2022~~ **2023** purchases and sales from our largest five vendors generated approximately ~~42~~ **40** % of ~~2022~~ **2023** purchases. As is the case with many of our vendor and customer relationships, our contractual arrangements with these large vendors are terminable by either party upon several months' notice. If these contracts or our relationships with these vendors terminate for any reason, or if any of our other significant vendor relationships terminate for any reason, and we are not able to sell or procure a sufficient supply of those products from alternative sources, or at all, our financial position and results of operations would be adversely affected. Our vendors are subject to many if not all of the same (or similar) risks and uncertainties to which we are subject, ~~as~~ **8as** well as other risks and uncertainties, and we compete with others for their business. Accordingly, we are at a continual risk of loss of their business on account of a number of factors and forces, many of which are largely beyond our control. In ~~2022~~ **2023** , our two largest customers accounted for ~~37~~ **35** % of our net sales and our largest five customers accounted for ~~52~~ **51** % of our net sales. If any of our significant customer relationships terminate for any reason, and we are not able to replace those customers and associated revenues, our financial position and results of operations would be adversely affected. Disruptions in our information technology and voice and data networks could affect our ability to service our clients and cause us to incur additional expenses. We believe that our success to date has been, and future results of operations likely will be, dependent in large part upon our ability to provide prompt and efficient service to clients. Our ability to provide such services is dependent largely on the accuracy, quality and utilization of the information generated by our IT systems, which affect our ability to manage our sales, client service, distribution, inventories and accounting systems and the reliability of our voice and data networks. Failure to adequately maintain the security of our electronic and other confidential information could materially adversely affect our financial condition and results of operations. We are dependent upon automated information technology processes. Privacy, security, and compliance concerns have continued to increase as technology has evolved to facilitate commerce and as cross- border commerce increases. As part of our normal business activities, we collect and store certain confidential information, including personal information of employees and information about partners and clients which may be entitled to protection under several regulatory regimes. In the course of normal and customary business practice, we may share some of this information with vendors who assist us with certain aspects of our business. Moreover, the success of our operations depends upon the secure transmission of confidential and personal data over public networks, including the use of cashless payments. Although we did not have any material cybersecurity breaches in ~~2022~~ **2023** , any failure on the part of us or our vendors to maintain the security of data we are required to protect, including via the penetration of our network security and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also result in deterioration in our employees', partners' and clients' confidence in us and other competitive disadvantages, and thus could have a material adverse impact on our business, financial condition and results of operations. We depend on certain key personnel. Our future success will be largely dependent on the efforts of key management personnel for strategic and operational guidance as well as relationships with our key vendors and customers. We also believe that our future success will be largely dependent on our continued ability to attract and retain highly qualified management, sales, service, finance and technical personnel. We cannot assure you that we will be able to attract and retain such personnel. Further, we make a significant investment in the training of our sales account executives. Our inability to retain such personnel or to train them either rapidly enough to meet our expanding needs or in an effective manner for quickly changing market conditions could cause a decrease in the overall quality and efficiency of our sales staff, which, in turn, could have a material adverse effect on our business, results of operations and financial condition. ~~9We~~ - **We** may explore additional growth through acquisitions. During the ~~current~~ year **ended December 31, 2023** , we completed one acquisition to expand our sales presence in **Ireland and** the United Kingdom distribution operations and bring key vendor partner relationships to our portfolio. As part of our strategic growth plan, we may pursue the acquisition of companies that either complement or expand our existing business. As a result, we regularly evaluate potential acquisition opportunities, which may be material in size and scope. In addition to those risks to which our business and the acquired businesses are generally subject, the acquisition of these businesses gives rise to transactional and transitional risks, and the risk that the anticipated benefits will not be realized. When the Company makes acquisitions, it may take on additional liabilities or not be able to successfully integrate such acquisitions. As part of the Company' s history and strategic growth plan, it has acquired other businesses. Acquisitions involve numerous risks, including the following: ● effectively combining the acquired operations, technologies, or products; ● unanticipated costs or assumed liabilities, including those associated with regulatory actions or investigations; **9** ● not realizing the anticipated financial benefit from the acquired companies; ● diversion of management' s attention; ● negative effects on existing customer and vendor partner relationships; and ● potential loss of key employees of the acquired companies. Further, the Company has made, and may continue to make acquisitions of, or investments in new services, businesses or technologies to expand its current service offerings and product lines. Some of these may involve risks that may differ from those traditionally associated with the Company' s core distribution business, including undertaking product or service warranty responsibilities that in its traditional core business would generally reside primarily with its vendor partners. If the Company is not successful in mitigating or insuring against such risks, it could have a material adverse effect on the Company' s business. Our results of operations are subject to fluctuations in foreign currency. We have several foreign subsidiaries and conduct business in various countries and currencies. As result of these foreign operations, we have exposure to fluctuations in foreign currency rates resulting primarily from the translation exposure associated with the preparation of our consolidated financial statements. While our consolidated financial statements are reported in US dollars, the financial statements of our subsidiaries outside the US are prepared using the local currency as the functional currency and translated into US dollars. As a result, fluctuations in the exchange rate of the US dollar relative to the functional currencies of our subsidiaries could cause fluctuations in our results of operations. We also have foreign currency exposure to the extent net sales and purchases are not denominated in a subsidiary' s functional currency, which could have an adverse effect on our business, results of operations, or cash flows. The Company' s non- U. S. sales represent an increasing portion of its revenues, and consequently, the company is exposed to risks associated with operating internationally. In **2023 and** 2022 ~~and 2021~~ , approximately **26 % and** 22 % of the Company' s net sales came from its operations outside the United States **, respectively** . As a result of the Company' s international sales and locations, its operations are subject to a variety of risks that are specific to international operations, including the following: ● import and export regulations that could erode profit margins or restrict exports; ● the burden and cost of compliance with international laws, treaties, and technical standards and changes in those regulations; ● potential restrictions on transfers of funds; ● import and export tariffs, duties and value- added taxes; ● transportation delays and interruptions; ● the burden and cost of compliance with complex multi- national tax laws and regulations; ● uncertainties arising from local business practices and cultural considerations; ● foreign laws that potentially discriminate against companies which are headquartered outside that jurisdiction; ● stringent antitrust regulations in local jurisdictions; ● volatility associated with sovereign debt of certain international economies; ~~10 ● the uncertainty surrounding the implementation and effects of Brexit;~~ ● potential military conflicts and political risks; and ● currency fluctuations, which the company attempts to minimize through traditional hedging instruments. **The terms of our debt arrangement impose restrictions on our ability to operate which in turn could negatively affect our ability to respond to business and market conditions and therefore could have an adverse effect on our business and operating results. As of December 31, 2023, we had approximately $ 1. 3 million outstanding under our term loan with First American Commercial Bancorp and there were no amounts outstanding under our revolving credit agreement with JPMorgan Chase Bank, N. A. The terms of one or more of the agreements under which this indebtedness was incurred may limit or restrict, among other things, our (or our subsidiaries', as applicable) ability to incur additional indebtedness or liens, or enter into certain transactions. We are also required to maintain specified financial ratios and satisfy certain financial condition tests under certain of our debt facilities. Our inability to meet these ratios and tests could result in the acceleration of the repayment 10of the related debt, termination of the applicable facility, an increase in our effective cost of funds or the cross- default of other debt facilities and securitization arrangements. As a result, our ability to operate may be restricted and our ability to respond to business and market conditions may be limited, which could have an adverse effect on our business and operating results. Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly. Interest rates have increased and may continue to increase in the future. As a result, interest rates on the obligations under certain of our credit facilities, or other variable rate debt incurrences or offerings could increase. If interest rates increase and we borrow**

amounts under certain of our credit facilities, debt service obligations and our interest expense will increase. Our net income and cash flows, including cash available for servicing indebtedness, will correspondingly decrease. An increase in interest rates may increase our future borrowing costs and restrict our access to capital. Additionally, current market conditions, the global economy, and overall credit conditions could limit our availability of capital, which could cause increases in interest margin spreads over underlying indices, effectively increasing the cost of our borrowing. Legal and Regulatory RisksWe may be liable for misuse of our customers' or employees' information. Third- parties, such as hackers, could circumvent or sabotage the security practices and products used in our product and service offerings, and / or the security practices or products used in our internal IT systems, which could result in disclosure of sensitive or personal information, unauthorized procurement, or other business interruptions that could damage our reputation and disrupt our business. Attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. **Our** ~~As our~~ employees ~~continue to~~ work ~~on~~ **in** a hybrid environment, which includes splitting time between working from the office and working from home, we are highly reliant on the availability and functionality of our information systems to enable ~~for~~ our operations. Working from home may increase risk of data loss, including privacy- related events. If our information systems are not operational for reasons which may include cyber security attacks, data center failures, failures by telecom providers to provide services to our business and to our employees' homes, power failures, or failures of off- premise software such as SaaS based software, our business and financial results may be adversely impacted. If third- parties or our employees are able to maliciously penetrate our network security or otherwise misappropriate our customers' information or employees' personal information, or other information for which our customers may be responsible and for which we agree to be responsible in connection with service contracts into which we may enter, or if we give third- parties or our employees improper access to certain information, we could be subject to liability. This liability could include claims for unauthorized access to devices on our network; unauthorized access to our customers' networks, hardware, applications, data, devices, or software; unauthorized purchases with credit card information; and identity theft or other similar fraud- related claims. This liability could also include claims for other misuses of or inappropriate access to personal information. Other liability could include claims alleging misrepresentation of our privacy and data security practices. Any such liability for misappropriation of this information could decrease our profitability. In addition, federal and state agencies have been investigating various companies regarding whether they misused or inadequately secured information. We could incur additional expenses when new laws or regulations regarding the use, safeguarding, or privacy of information are enacted, or if governmental agencies require us to substantially modify our privacy or security practices. We could fail to comply with international and domestic data privacy laws, the violation of which may result in audits, fines, penalties, litigation, or administrative enforcement actions with associated costs. Our operations are subject to numerous complex federal, state, provincial, local and foreign laws and regulations in a number of areas, including labor and employment, advertising, e- commerce, tax, trade, import and export requirements, economic and trade sanctions, anti- corruption, data privacy requirements (including those under the European Union General Data Protection Regulation and the California Consumer Privacy Act), anti- competition, environmental and health and safety. The evaluation of, and compliance with these laws, regulations and similar requirements may be onerous and expensive, and these laws and regulations may have other adverse impacts on our ~~business~~ **11business** , results of operations or cash flows. Furthermore, these laws and regulations are evolving and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business, and the risk of noncompliance. We have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, but there can be no guarantee against coworkers, contractors or agents violating such laws and regulations or our policies and procedures. As a public company, we also are subject to increasingly complex public disclosure, corporate governance and accounting requirements that increase compliance costs and require significant management focus. The Company may be subject to intellectual property rights claims, which are costly to defend, could require payment of damages or licensing fees and could limit the Company' s ability to use certain technologies in the future. Certain of the Company' s products and services include intellectual property owned primarily by the Company' s third- party vendor partners. Substantial litigation and threats of litigation regarding intellectual property rights exist in the ~~11software~~ -- **software** and some service industries. From time to time, third parties (including certain companies in the business of acquiring patents not for the purpose of developing technology but with the intention of aggressively seeking licensing revenue from purported infringers) may assert patent, copyright and / or other intellectual property rights to technologies that are important to the Company' s business. In some cases, depending on the nature of the claim, the Company may be able to seek indemnification from its vendor partners for itself and its customers against such claims, but there is no assurance that it will be successful in obtaining such indemnification or that the Company is fully protected against such claims. Any infringement claim brought against the Company, regardless of the duration, outcome, or size of damage award, could result in substantial cost to the Company, divert management' s attention and resources, be time consuming to defend, result in substantial damage awards, or cause product shipment delays. Additionally, if an infringement claim is successful the Company may be required to pay damages or seek royalty or license arrangements, which may not be available on commercially reasonable terms. The payment of any such damages or royalties may significantly increase the Company' s operating expenses and ~~harm~~ **impact** the Company' s operating results and financial condition. Also, royalty or license arrangements may not be available at all. The Company may have to stop selling certain products or using technologies, which could affect the Company' s ability to compete effectively. Our business could be negatively affected as a result of the actions of activist shareholders. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as financial restructurings, increased borrowings, special dividends, stock repurchases or even sales of assets or entire companies to third parties or the activists themselves. Responding to proxy contests and other actions by activist shareholders can be costly and time- consuming, disrupt our operations and divert the attention of our Board of Directors and senior management from the pursuit of business strategies, which could adversely affect our results of operations and financial condition. Additionally, perceived uncertainties as to our future direction as a result of shareholder activism or changes to the composition of the Board of Directors may lead to the perception of a change in the direction of the business, instability or lack of continuity. These uncertainties may be more acute or heightened when an activist seeks to change a majority of the Board of Directors or ultimately desires to acquire the Company. Additionally, actions by activist shareholders may be exploited by our competitors, cause concern to our current or potential customers, make it more difficult to attract and retain qualified personnel and may create adverse uncertainty for our employees. ~~The interest rate of our current credit facility is priced using LIBOR and is subject to risks associated with the transition from LIBOR to an alternative reference rate that could adversely affect our business, operating results, and financial condition. LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We use LIBOR as a reference rate in our current credit facility. In July 2017, the U. K.' s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR and while the transition period for many LIBOR tenors has been extended to June 2023, the U. S. Federal Reserve advised banks to stop new LIBOR issuances. The Alternative Reference Rates Committee, a steering committee comprised of U. S. financial market participants, has identified the secured overnight financing rate, or SOFR, as the recommended alternative rate for all LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from the LIBOR benchmarks is anticipated in coming years. Accordingly, the outcome of these reforms is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR' s phaseout could cause LIBOR to perform differently than in the past or cease to exist. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our borrowings under the current credit facility. Further, the consequences of these developments, or any alternative reference rate that is adopted, cannot be entirely predicted but could include an increase in the cost of our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows. 12Changes~~ -- **Changes** in accounting rules, or the misapplication of current accounting rules, may adversely affect our future financial results. We prepare our financial statements in conformity with accounting principles generally accepted in the U. S. These accounting principles are subject to interpretation by the Financial Accounting Standards Board, the Public Company Accounting Oversight Board, the SEC, the American Institute of Certified Public Accountants (" AICPA ") and various other bodies formed to interpret and create appropriate accounting policies. Future periodic assessments required by current or new accounting standards may result in noncash charges and / or changes in presentation or disclosure. In addition, any change in accounting standards may influence our customers' decision to purchase from us or finance transactions with us, which could have a significant adverse effect on our financial position or results of operations. We are required to determine if we are the principal or agent in all transactions with our customers. The voluminous number of products and services we sell, and the manner in which they are bundled, are technologically ~~complex~~ **12complex** . Mischaracterization of these products and services could result in misapplication of revenue recognition polices. We use estimates where necessary, such as allowance for doubtful accounts and product returns, which require judgment and are based on best available information. If we are unable to accurately estimate the cost of these services or the timeline for completion of contracts, the profitability of our contracts may be materially and adversely affected. Financial Risks and Market RisksOur quarterly financial results may fluctuate, which could lead to volatility in our stock price. Our revenue and operating results have fluctuated from quarter to quarter in the past and may continue to do so in the future. As a result, you should not rely on quarter- to- quarter comparisons of our operating results as an indication of our future performance. Fluctuations in our revenue and operating results could negatively affect the trading price of our stock. In addition, our revenue and results of operations may, in the future, be below the expectations of analysts and investors, which could cause our stock price to decline. Factors that are likely to cause our revenue and operating results to fluctuate include the risk factors discussed throughout this section. **Our** ~~The Company' s~~ goodwill and identifiable intangible assets could become impaired, which could reduce the value of ~~its~~ **our** assets and reduce ~~its~~ net income in the year in which the write- off occurs. Goodwill represents the excess of the cost of an acquisition over the fair value of the assets acquired. The Company also ascribes value to certain identifiable intangible assets, which consist primarily of **vendor relationships,** customer relationships and trade names, among others, as a result of acquisitions. The Company may incur impairment charges on goodwill or identifiable intangible assets if it determines that the fair values of the goodwill or identifiable intangible assets are less than their current carrying values. The Company evaluates, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill or identifiable intangible assets may no longer be recoverable, in which case an impairment charge to earnings would become necessary. A decline in general economic conditions, a substantial increase in market interest rates, and increase in income tax rates, or the company' s inability to meet long- term working capital or operating income projections could impact future valuations of the Company' s reporting units, and the company could be required to record an impairment charge in the future, which could impact the company' s consolidated balance sheets, as well as the Company' s consolidated statements of operations. The inability to obtain financing on favorable terms ~~will~~ **may** adversely impact our business, financial position and results of operations. Our business requires working capital to operate and to finance accounts receivable and product inventory that are not financed by trade creditors. We have historically relied upon cash generated from operations, revolving credit facilities and trade credit from our vendors to satisfy our capital needs and finance growth. As the financial markets change, the cost of acquiring financing and the methods of financing may change. Changes in our credit rating or other market factors may increase our interest expense or other costs of capital, or capital may not be available to us on competitive terms to fund our working capital needs. We may not be able to continue to pay dividends on our Common Stock in the future, which could impair the value of our Common Stock. We have paid a quarterly dividend on our Common Stock since the first quarter of 2003. Any future declaration of dividends remains subject to further determination from time to time by our Board of Directors. ~~13Our~~ -- **Our** ability to pay dividends in the future will depend on our financial results, liquidity and financial condition. There is no assurance that we will be able to pay dividends in the future, or if we are able to, that our Board of Directors will continue to declare dividends in the future, at current rates or at all. If we discontinue or reduce the amount or frequency of dividends, the value of our Common Stock may be impaired. Risks related to our Common Stock. The ~~exercise of options or any other~~ issuance of shares by us may dilute your ownership of our Common Stock. Trading volume in our Common Stock varies significantly based on a number of factors, which may be exacerbated by our repurchases of our Common Stock. As a result of the potentially low volume trading market for our stock, its market price may fluctuate significantly more than the stock market as a whole or of the stock prices of similar companies. Without a larger float, our Common Stock will be less liquid than the stock of companies with broader public ownership, and, as a result, the trading prices for our Common Stock may be more volatile. Among other things, trading of a relatively small ~~volume~~ **13volume** of our Common Stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger. Our Common Stock is listed on The NASDAQ Global Market tier of the Nasdaq Stock Market, and we therefore are subject to continued listing requirements, including requirements with respect to the market value and number of publicly- held shares, number of stockholders, minimum bid price, number of market makers and either (i) stockholders' equity or (ii) total market value of stock, total assets and total revenues. If we fail to satisfy one or more of the requirements, we may be delisted from The NASDAQ Global Market. If we do not qualify for listing on The NASDAQ Capital Market, and if we are not able to list our Common Stock on another exchange, our Common Stock could be quoted on the OTC Bulletin Board or on the " pink sheets ". As a result, we could face significant adverse consequences including, among others, a limited availability of market quotations for our securities and a decreased ability to issue additional securities or obtain additional financing in the future. General Risk FactorsGlobal and regional economic and political conditions may have an adverse impact on our business. Weak economic conditions generally, sustained uncertainty about global economic and political conditions, government spending cuts and the impact of new government policies, or a tightening of credit markets, could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. For example, there continues to be substantial uncertainty regarding the economic impact of the UK' s exit from the European Union (" EU"), referred to as" Brexit". The **potentially divergent laws** ~~UK formally withdrew from EU membership on January 31, 2020~~ and ~~commenced~~ **regulations as** a **result** ~~transition period during which the trading relationship between the UK and the EU will remain the same and the UK and EU will begin negotiations to determine their future relationship. Although the full effects~~ of Brexit ~~are uncertain~~ **may continue to lead to economic** and **legal** ~~will be dependent on the outcome of such negotiations, potential adverse consequences of Brexit include global market~~ uncertainty, **causing increased economic** volatility ~~in currency exchange rates, greater restrictions on imports and exports between the UK and other countries, and increased regulatory complexities, each of which could have a negative impact on our~~ - **or disrupting** ~~business, financial condition or results of operations. These effects may be amplified if~~ the ~~UK and the EU fail to agree on a future trade relationship, which could result in significant market~~ **markets** and **clients we serve** ~~economic disruption. We have established a presence in the Netherlands to help address future developments, as needed, for Brexit, which could add complexity to our European operations as well as result in higher costs associated with serving our customers following the transition period~~ . General economic weakness may reduce our revenues and profits. Generally, economic downturns, may cause some of our current and potential customers to delay or reduce technology purchases, resulting in longer sales cycles, slower adoption of new technologies and increased price competition. We may, therefore, experience a greater decline in demand for the products we sell, resulting in increased competition and pressure to reduce the cost of operations. Any benefits from cost reductions may take longer to realize and may not fully mitigate the impact of the reduced demand. In addition, weak financial and credit markets heighten the risk of customer bankruptcies and create a corresponding delay in collecting receivables from those customers and may also affect our vendors' ability to supply products, which could disrupt our operations. The realization of any or all these risks could have a material adverse effect on our business, results of operations and financial condition. **If the Company fails to maintain an effective system of internal controls or discovers material weaknesses in its internal controls over financial reporting, it may not be able to report its financial results accurately or timely or detect fraud, which could have a material adverse effect on its business. An effective internal control environment is necessary for the Company to produce reliable financial reports and is an important part of its effort to prevent financial fraud. The Company is required to annually evaluate the effectiveness of the design and operation of its internal controls over financial reporting. Based on these evaluations, the Company may conclude that enhancements, modifications, or changes to internal controls are necessary or desirable. While management evaluates the effectiveness of the Company' s internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate financial statement risk. If the Company fails to maintain an effective system of internal controls, or if management or the Company' s independent registered public accounting firm discovers material weaknesses in the Company' s internal controls, it may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on the Company' s business. In addition, the Company may be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NASDAQ. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the Company' s financial statements, which could cause the market price of its Common Stock to decline or limit the Company' s access to capital. Changes in income tax and other regulatory legislation. We operate in compliance with applicable laws and regulations and make plans for our structure and operations based upon existing laws and anticipated future changes in the** 14