Risk Factors Comparison 2023-09-25 to 2022-10-19 Form: 10-K

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The risks and uncertainties describe below are not the only ones we face. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. The occurrence of any of these risks could materially adversely affect our business, financial condition, results of operations and cash flows. Accordingly, you should carefully consider the following risk factors, as well as other information contained in or incorporated by reference in this Annual Report. Summary ~~You should~~ **The summary is intended to be** read **in conjunction** ~~this summary together~~ with the ~~more~~ detailed description of each risk factor contained below. Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our actual results to be harmed, including risks regarding the following: Risks related to our business and our industry: • General economic, market or business conditions unrelated to our operating performance, including global supply chain disruptions and inflationary pressures could adversely affect our business and results of operations. • **Impacts of widespread inflation could negatively affect our industry. •** We have a history of losses since inception and if we ~~continue to~~ incur losses **in the future**, the price of our shares can be expected to fall ~~. • The COVID- 19 pandemic has and may continue to significantly and adversely impact our business. • Impacts of widespread inflation could negatively affect our industry~~. • If we are not able to implement successful enhancements and new features for our products and services, our business could be materially and adversely affected. • Substantially all of the network service contracts with our customers are terminable for any or no reason upon thirty to sixty days' advance notice. • We may not successfully implement our go- to- market strategy which may adversely affect growth and profitability. • We engage in the outsourcing of engineering work, including outsourcing of software work overseas ~~. • Our ability to commercially manage the transition from the 3G network could lead to competitive disadvantage in the marketplace~~. • The loss of one or more of our key customers could significantly reduce our revenues, results of operations, and increase net losses. • Increases in card association and debit network interchange fees could increase our operating costs or otherwise adversely affect our operations. • Our efforts to expand into international markets may not be successful; our products and services may not gain traction in new markets; managing international operations may be challenging or may fail. • Geopolitical conflicts, including the conflict between Russia and Ukraine, may adversely affect our business and results of operations. **• Pandemics and other public health emergencies, such as the COVID- 19 pandemic, or fear thereof, could adversely impact our business, operations and financial conditions.** Operational and liquidity: **• Disruptions to our systems, breaches in the security of transactions involving our products or services, or failure of our processing systems could adversely affect our reputation, business and results of operations.** • We depend on our key personnel and, if they leave us, or if we are unable to attract highly skilled personnel, our business could be adversely affected ~~. • Disruptions to our systems, breaches in the security of transactions involving our products or services, or failure of our processing systems could adversely affect our reputation, business and results of operations~~. • The termination of our relationships with certain third- party suppliers upon whom we rely for services that are critical to our products could adversely affect our business and delay achievement of our business plan. • We rely on other card payment processors, and if they fail or no longer agree to provide their services or we fail to operate in compliance with the requirements of those relationships, our customer relationships could be adversely affected, and we could lose business. • Disruptions at other participants in the financial system could prevent us from delivering our cashless payment services. • Any increase in chargebacks not paid by our customers may adversely affect our results of operations, financial condition and cash flows. • **We may not fully realize the benefits of acquisitions, it may take longer than we anticipate for us to achieve those benefits, they may be difficult to integrate, may disrupt our business, or divert management attention and may adversely affect our financial condition. •** Our dependence on proprietary technology and limited ability to protect our intellectual property may adversely affect our ability to compete. • We may require additional financing or find it necessary to raise capital to sustain our operations and without it we may not be able to achieve our business plan. • Failure to comply with any of the financial covenants under the Company' s credit agreement could result in an event of default which may accelerate our outstanding indebtedness or other obligations and have a material adverse impact on our business, liquidity position and financial position ~~. • We may not fully realize the benefits of acquisitions, it may take longer than we anticipate for us to achieve those benefits, they may be difficult to integrate, may disrupt our business, or divert management attention and may adversely affect our financial condition~~. Legal, regulatory, and compliance risks: • We are subject to laws and regulations that affect the products, services and markets in which we operate. Failure by us to comply with these laws or regulations would have an adverse effect on our business, financial condition, or results of **operations. • We are subject to additional risks with respect to our current and potential international** operations. • The accounting review of our previously issued financial statements and the audits of prior fiscal years have been time- consuming and expensive, has resulted in claims and lawsuits, and may result in additional expense and / or litigation. • Matters relating to or arising from the restatement **of previously filed financial statements** and the 2019 Investigation, including adverse publicity and potential concerns from our customers, and enforcement proceedings could continue to have an adverse effect on our business and financial condition. • ~~Remaining~~ **The** regulatory matters ~~may require significant time~~ **relating to the U. S. Department of Justice** and **Securities** ~~attention, result in substantial expenses~~ and **Exchange Commission inquiries may** lead to adverse publicity. • We and certain of our former officers and directors could be subject to future claims and lawsuits, which could require significant additional management time and attention, result in significant additional legal expenses or result in government enforcement actions. • Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could **lead to potential**

material weaknesses, and cause a loss of confidence in our financial reporting and adversely affect the trading price of our common stock. Risks related to our common stock: • Director and officer liability is limited and shareholders may have limited rights to recover against directors for breach of fiduciary duty. • An active trading market for our common stock may not be maintained. • If securities and / or industry analysts fail to continue publishing research about our business, if they change their recommendations adversely, or if our results of operations do not meet their expectations, our stock price and trading volume could decline. • There is a risk that we may be dropped from inclusion in the Russell 2000 ® Index which could result in a decline in the price of our stock. • Upon certain fundamental transactions involving the Company, such as a merger or sale of substantially all of our assets, we may be required to distribute the liquidation preference then due to the holders of our Series A Preferred Stock which would reduce the amount of the distributions otherwise to be made to the holders of our common stock in connection with such transactions. The global payments technology industry depends heavily on the overall level of consumer, business and government spending. We are exposed to general economic conditions that affect consumer confidence, spending, and discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions in the markets in which we operate, supply chain disruptions, inflationary pressure or interest rate fluctuations **such as those that occurred recently** , may adversely affect our financial performance by reducing the number or active devices, active customers and total number of transactions using our payment solutions. A downturn in the economy and other adverse economic trends may accelerate the timing, or increase the impact of, risks to our financial performance. These trends could include the following: • low levels of consumer and business confidence typically associated with recessionary environments may result in decreased spending by consumers; • high unemployment may result in decreased spending by consumers; • budgetary concerns in the United States and other countries could affect sovereign credit ratings, and impact consumer confidence and spending; • supply chain disruptions may result in decreased spending by consumers whose ability to provide goods and services is materially impacted; • supply chain disruptions could impact our ability to purchase devices for existing or prospective customers; • current and potential future inflationary pressures may adversely impact spending by consumers; • emerging market economies tend to be more sensitive to adverse economic trends than the more established markets we serve; In addition, climate- related events, including extreme weather events and natural disasters and their effect on critical infrastructure in the U. S. or internationally, could have similar adverse effects on our customers and our operations. Furthermore, shareholders, customers and other stakeholders have begun to consider how corporations are addressing environmental, social and governance (" ESG ") issues. Government regulators, investors, customers and the general public are increasingly focused on ESG practices and disclosures, and views about ESG are diverse and rapidly changing. These shifts in investing priorities may result in adverse effects on the trading price of our common stock if investors determine that the Company has not made sufficient progress on ESG matters. We could also face potential negative ESG- related publicity in traditional media or social media if shareholders or other stakeholders determine that we have not adequately considered or addressed ESG matters. **Our own costs, including labor, hardware, services, technology providers, and other variable expenses could be impacted by severe, widespread or continuing inflation. Our customer base includes many small businesses, some of which operate on tight margins. Our customers may not successfully navigate a rising cost environment, causing collection issues or bankruptcies. Inflation could seriously erode the discretionary buying decisions of consumers, impacting size of purchases or volumes at our unattended points of sale.** We experienced losses from inception through June 30, 2012, and from fiscal year 2015 through fiscal year 2022. For fiscal ~~years~~ - **year 2023, we recognized a net income of $ 0. 6 million. For fiscal year** 2022 ~~, and~~ **and** 2021 ~~, and 2020~~ , we incurred a net loss of $ 1. 7 million, **and** $ 8. 7 million, ~~and $ 40. 6 million,~~ respectively. In light of our ~~recent~~ history of losses ~~as well as the length of our history of losses~~ , **continuous** profitability in the foreseeable future is not assured. Until we achieve **sustained** profitability, we ~~will~~ **may** be required to use our cash and cash equivalents on hand and may raise capital to meet cash flow requirements including the issuance of common stock or debt financing. Additionally, if we ~~continue to~~ incur losses in the future, the price of our common stock can be expected to fall ~~. The coronavirus disease 2019 (" COVID- 19 ") pandemic has and may continue to significantly and adversely impact our business. The global spread of the COVID- 19 pandemic has created significant volatility, uncertainty and economic disruption on our business. Electronic payment transaction volume within unattended markets decreased significantly at the onset of the pandemic, as government authorities imposed forced closure of non- essential businesses and social distancing protocols, significantly reducing foot traffic to distributed assets containing our electronic payment solutions and reducing discretionary spending by consumers. As a result of COVID- 19, the technology industry is experiencing disruptions within its supply chain. We have experienced, and may continue to experience delays in securing the components and finished goods of our hardware products that we market and sell to our customers. Supply chain delays could cause shortages of our hardware products, which could negatively affect our ability to retain and acquire customers and could adversely impact our financial results. The extent to which the COVID- 19 pandemic continues to impact our business, operations and financial results will depend on numerous evolving factors that we are not able to accurately predict, including: the duration and scope of the pandemic; potential mutations of COVID- 19; the efficacy of vaccines and treatment developments and their deployment; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; and the impact of the pandemic on economic activity and actions taken in response. Furthermore, even as containment measures are lifted there can be no assurance as to whether further measures will be implemented, or the time required to sustain operations and sales at pre- pandemic levels. There may also be increased marketplace consolidation as companies are challenged to respond to the continued evolving conditions of COVID- 19. A sustained or recurring downturn could result in a decrease in the fair value of our goodwill or other intangible assets, causing them to exceed their carrying value. This may require us to recognize an impairment to those assets. Further, the COVID- 19 pandemic could decrease consumer spending, adversely affect demand for our technology and services, cause one or more of our customers and partners to file for bankruptcy protection or go out of business, cause one or more of our customers to fail to renew, terminate, or renegotiate their~~

~~contracts, affect the ability of our sales team to travel to potential customers, impact expected spending from new customers and negatively impact collections of accounts receivable, all of which could adversely affect our business, results of operations and financial condition. In response to the outbreak, we agreed to concessions on price and / or payment terms with certain customers who have been negatively impacted by the COVID- 19 pandemic, and may negotiate additional concessions on price and / or payment terms. It is not possible for us to predict the future impact of the pandemic and its effects on our business, results of operations or financial condition at this time. The impact of inflation could negatively affect our business, our industry, and our customer base. Our own costs, including labor, hardware, services, technology providers, and other variable expenses could be severely impacted by severe, widespread or continuing inflation. Our customer base includes many small businesses, some of which operate on tight margins. Our customers may not successfully navigate a rising cost environment, causing collection issues or bankruptcies. Inflation could seriously erode the discretionary buying decisions of consumers, impacting size of purchases or volumes at our unattended points of sale~~ . Our success depends on our ability to develop new products and services to address the rapidly evolving market for cashless payments and cloud and mobile solutions for the self-service retail markets. Rapid and significant technological changes continue to confront the industries in which we operate, including developments in proximity payment devices. These new services and technologies may be superior to, impair, or render obsolete the products and services we currently offer or the technologies we currently use to provide them. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and we may not be successful in realizing a return on these development efforts in a timely manner or at all. There can be no assurance that any new products or services we develop and offer to our customers will achieve significant commercial acceptance. Our ability to develop new products and services may be inhibited by industry- wide standards, payment card networks, existing and future laws and regulations, resistance to change from our customers, challenges of integration with a wide variety of legacy end- point machines, or third parties' intellectual property rights. If we are unable to provide enhancements and new features for our products and services or to develop new products and services that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards, our business would be materially and adversely affected. In addition, because our products and services are designed to operate with a variety of systems, infrastructures, and devices, we need to continuously modify and enhance our products and services to keep pace with changes in mobile, software, communication, and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely and cost- effective manner. Any failure of our products and services to continue to operate effectively with third- party infrastructures and technologies could reduce the demand for our products and services, result in dissatisfaction of our customers, and materially and adversely affect our business. Substantially all of the service contracts with our customers are terminable for any or no reason upon thirty to sixty days' advance notice. Substantially all of our customers may terminate their services with us for any or no reason upon providing us with thirty to sixty- days' advance notice. Accordingly, consistent demand for and satisfaction with our products by our customers is critical to our financial condition and future success. Problems, outages, defects, or other issues with our products or services or competition in the marketplace could cause us to lose a substantial number of our customers with minimal notice. If a substantial number of our customers were to exercise their termination rights, it would result in a material adverse effect to our business, operating results, and financial condition. Our current core business is highly concentrated among several large customers in the vending industry. We have made inroads into other adjacent markets including micro- markets, laundry, gaming, entertainment, vehicle services, and other commercial payments applications and continued expansion into these markets is a substantial piece of our potential future growth prospects. Changing technology, customer preferences, and competitor actions may limit our ability to successfully grow and expand beyond our core business. We ~~face significant risks to our business when we engage in the outsourcing of engineering work, including outsourcing of software work overseas, which, if not properly managed, could result in the loss of valuable intellectual property and increased costs due to inefficient and poor work product, which could harm our business, including our financial results, reputation, and brand. We~~ may, from time- to- time, outsource engineering work related to the design, development, and operations of our products and services, typically to save money and gain access to additional engineering resources. We have worked, and expect to work in the future, with companies located in jurisdictions outside of the U. S., including, but not limited to **Sweden,** Ukraine **, Romania** , Columbia, and India. If we are unable to properly manage and oversee the outsourcing of engineering and other work to third parties located internationally that operate under different laws and regulations than those in the U. S., we could suffer the loss of valuable intellectual property, or the loss of the ability to claim such intellectual property, including patents and trade names. Additionally, instead of saving money, we could in fact incur significant additional costs because of inefficient engineering services and poor work product. As a result, our business would be harmed, including our financial results, reputation, and brand. ~~Our transition away from the 3G wireless network is nearing completion as the cellular service providers phase these networks out in North America through the end of the 2022 calendar year. This transition has and will continue to affect many of our active devices and has required significant customer retention programs and resources to ensure that our existing customer base is properly transitioned to the new platform. This change affects our industry and will also lead to changes with our competitors and their customers. Our ability to successfully transition the remaining impacted devices and provide the new platform for our existing and new customers is critical to our strategy, our network and to the competitive landscape in the marketplace.~~ We have derived, and believe we will continue to derive, a significant portion of our revenues from one large customer or a limited number of large customers. Customer concentrations for the years ended June 30, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ were as follows: For the year ended June 30, Single ~~customer202220212020Total~~ ---- **customer202320222021Total** ~~revenue14~~ **revenue12** % ~~16~~ **14** % 16 % The loss of such customers could materially adversely affect our revenues. Additionally, a major customer in one year may not purchase any of our products or services in another year, which may negatively affect our financial performance. We have offered, and may in the future offer, discounts to our large customers to incentivize them to continue to utilize our products and services. If we are required to sell products to any of our large customers at reduced prices or unfavorable terms, our revenue and earnings could be materially adversely affected. Further, there is no assurance that our customers will continue to utilize our transaction processing and related services as our customer agreements are generally cancellable by the customer on thirty to sixty days' notice. We are obligated to pay interchange fees and other network fees set by the bankcard networks to the card issuing bank and the bankcard networks for each transaction we process through our network. From time to time, card associations and debit networks increase the organization and / or processing fees, known as interchange fees that they charge. Under our processing agreements with our customers, we are permitted to pass along these fee increases to our customers through corresponding increases in our processing fees. Passing along such increases could result in some of our customers canceling their contracts with us. Consequently, it is possible that competitive pressures will result in our Company absorbing some or all of the increases in the future, which would increase our operating costs, reduce our gross profit and adversely affect our business. ~~We are expending significant resources into certain international initiatives. Our efforts may fail, adversely affecting our results.~~ As we expand into international markets, we may not be successful, or our plans may be delayed. Our Company is inexperienced in managing international operations. Our products will need to be localized in some cases and if our localization efforts fail or are delayed or our products and services do not gain traction in new markets, our business could be adversely affected. While we do not currently have employees, customers or corporate offices in impacted areas, we have worked, and expect to work in the future, with companies located in jurisdictions outside of the U. S., including, but not limited to Ukraine. In addition, we are focused on international expansion. As a result, our operations and international expansion efforts could be impacted by economic, political and other conditions resulting from the current conflict between Russia and Ukraine, which could, among other things, lead to a reduction in consumer, government or corporate spending, international sanctions, embargoes, heightened inflation, volatility in global financial markets, increased cyber disruptions or attacks, higher supply chain costs and increased tensions between the United States and countries in which we operate, which could result in charges related to the recoverability of assets, including financial assets, long- lived assets and goodwill and other losses, and could adversely affect our financial position and results of operations. To the extent the invasion of Ukraine by Russia adversely affects our business, it may also have the effect of heightening many other risks disclosed in this Form 10- K, any of which could have a material adverse effect on our business and results of operations. ~~Our choose to cancel contracts with us.~~ We rely on information technology and other systems to transmit financial information of consumers making cashless transactions and to provide accounting and inventory management services to our customers.As such,the information we transmit and / or maintain is exposed to the ever- evolving threat of compromised security,in the form of a risk of potential breach,system failure,computer virus,cyber- attack or unauthorized or fraudulent use by consumers,customers,company employees,or employees of third party vendors.A cybersecurity breach could result in disclosure of confidential information and intellectual property,or cause operational disruptions and compromised data.We may be unable to anticipate or prevent techniques to obtain unauthorized access or to sabotage systems because they change frequently and often are not detected until after an incident has occurred.In addition,our processing systems may experience errors,interruptions,delays or damage from a number of causes,including,but not limited to,power outages,hardware,software and network failures,internal design,manual or usage errors,terrorism,workplace violence or wrongdoing,catastrophic events,climate- related events such as natural disasters and severe weather conditions.The steps we take to deter and mitigate these risks,including annual validation of our compliance with the Payment Card Industry Data Security Standard,may not be successful,and any resulting compromise or loss of data or systems could adversely impact the marketplace acceptance of our products and services,and could result in significant remedial expenses to not only assess and repair any damage to our systems,but also to reimburse customers for losses that occur from service interruptions or the fraudulent use of confidential data.Additionally,we could become subject to significant fines,litigation,and loss of reputation,potentially impacting our financial results.In addition, **following an acquisition,** ~~the technology systems of businesses that~~ we ~~have~~ **take steps to ensure our data and system security protection measures cover the** acquired ~~,~~ **business as part of** ~~or~~ **our integration process.As such,there** may ~~acquire,as well as~~ **be a period of increased cybersecurity risk during** ~~their~~ -- **the period between closing** ~~practices related to the collection,use,maintenance,and~~ - **an** ~~disclosure of data,could present issues that we were not able to identify prior to the~~ acquisition **and the completion of** ~~or~~ **our** ~~other issues~~ **data and system security integration.** success and future growth also depends, to a significant degree, on the skills and continued services of our management team. Further, due to the complexity of the work required to make needed improvements within the Company, it may be difficult for us to retain existing senior management and new hires, sales personnel, and development and engineering personnel critical to our ability to execute our business plan, which could result in harm to key customer relationships, loss of key information, expertise or know- how and unanticipated recruitment and training costs. We may experience a loss of productivity due to the departure of key personnel and the associated loss of institutional knowledge, or while new personnel integrate into our business and transition into their respective roles. Our future success also depends on our ability to attract and motivate highly skilled technical, managerial, sales, marketing and customer service personnel, including members of our management team. The labor market has been very challenging this fiscal year, with several key functions and departments experiencing high turnover. These changes are disruptive and expensive. Continued turnover could prevent us from achieving, or significantly delay achievement, of our business and operational goals and could adversely affect our business and results of operations. We rely on information technology and other...... our data and system security integration. The operation of our networked devices depends upon the capacity, reliability and security of services provided to us by our wireless telecommunication services providers, equipment manufacturers and other suppliers. In addition, if we terminate relationships with our current telecommunications service providers and other third- party suppliers, we may have to replace hardware that is part of our existing ePort ~~or~~ **,** Seed **, or other** products that are already installed in the marketplace. This could significantly harm our reputation and could cause us to lose customers and revenues. We rely on agreements with other large payment processing organizations, primarily Fiserv Inc., JPMorgan Chase & Co., and Global Payments, Inc. to enable us to provide card authorization, data capture and transmission, settlement and merchant accounting services for the customers we serve. The termination by our card processing providers of their arrangements with us or their failure to perform their services efficiently and effectively would adversely affect our relationships with the customers whose accounts we serve and may cause those customers to terminate their processing agreements with us. Further, substantially all of the cashless payment transactions handled by our network involve Visa U. S. A. Inc. (" Visa ") or MasterCard International Incorporated (" MasterCard"). If we fail to comply with the applicable standards or requirements of the Visa and MasterCard card associations relating to security, Visa or MasterCard could suspend or terminate our registration with them. The termination of our registration with them or any changes in the Visa or MasterCard rules that would impair our registration with them could require us to stop providing cashless payment services through our network. In such event, our business plan and / or competitive advantages in the market place would be materially adversely affected. The operations and systems of many participants in the financial system are interconnected. Many of the transactions that involve our cashless payment services rely on multiple participants in the financial system to accurately move funds and communicate information to the next participant in the transaction chain. A disruption for any reason at one of the participants in the financial system could impact our ability to cause funds to be moved in a manner to successfully deliver our services. Although we work with other participants to avoid any disruptions, there is no assurance that such efforts will be effective. Such a disruption could lead to the inability for us to deliver services, reputational damage, lost customers and lost revenue, loss of customers' confidence, as well as additional costs, all of which could have a material adverse effect on our revenues, profitability, financial condition, and future growth. In the event a dispute between a cardholder and a customer is not resolved in favor of the customer, the transaction is normally charged back to the customer and the purchase price is credited or otherwise refunded to the cardholder. When we serve as merchant of record, if we are unable to collect such amounts from the customer' s account, or if the customer refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we bear the loss for the amount of the refund paid to the cardholder. We may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. We have policies to manage customer-related credit risk and attempt to mitigate such risk by monitoring transaction activity. Notwithstanding our programs and policies for managing credit risk, it is possible that a default on such obligations by one or more of our customers could have a material adverse effect on our business. ~~Square Market Limited~~ **Agreement.Acquisitions may adversely affect our financial condition.We could acquire additional products** , **technologies** ~~a UK private limited company (collectively" 32M")~~ , ~~which was completed in December 2022~~ **or businesses to complement or expand our business** .We may be unable to negotiate favorable terms in a timely manner or at all.Negotiation and integration of these types of potential business combinations could divert management' s time and resources.In addition,we may encounter unanticipated costs,operational challenges,or potential disruption of our business and diversion of management' s attention from our core business.We may not realize the anticipated benefits from ~~our~~ **an** ~~acquisitions~~ **acquisition** .We could reduce the cash that would otherwise be available to fund operations or other purposes,or we could incur debt,potentially on unfavorable terms ~~.Additionally,for~~ Challenge to our ownership of our intellectual property could materially damage our business prospects. Our technology may infringe upon the proprietary rights of others. Our ability to execute our business plan is dependent, in part, on our ability to obtain patent protection for our proprietary products, maintain trade secret protection and operate without infringing the proprietary rights of others. As of June 30, ~~2022~~ **2023** , the United States Government and other countries have granted us ~~136~~ **140** patents, of which ~~50~~ **49** are still in force. We have a number of pending patent applications, and will consider filing applications for additional patents covering aspects of our future developments, although there can be no assurance that we will do so. In addition, there can be no assurance that we will maintain or prosecute these applications. There can be no assurance that: • any of the remaining patent applications will be granted to us ; • we will develop additional products that are patentable or that do not infringe the patents of others ; • any patents issued to us will provide us with any competitive advantages or adequate protection for our products ; • any patents issued to us will not be challenged, invalidated or circumvented by others ; or • any of our products would not infringe the patents of others. If any of our products or services is found to have infringed any patent, there can be no assurance that we will be able to obtain licenses to continue to manufacture, use, sell, and license such product or service or that we will not have to pay damages and / or be enjoined as a result of such infringement. If we are unable to adequately protect our proprietary technology or fail to enforce or prosecute our patents against others, third parties may be able to compete more effectively against us, which could result in the loss of customers and our business being adversely affected. Patent and proprietary rights litigation entails substantial legal and other costs and diverts Company resources as well as the attention of our management. There can be no assurance we will have the necessary financial resources to appropriately defend or prosecute our intellectual property rights in connection with any such litigation. At June 30, ~~2022~~ **2023** , we had a net working capital surplus of $ ~~57~~ **41** . ~~4~~ **7** million and cash and cash equivalents of $ ~~68~~ **50** . ~~1~~ **9** million. We had net cash **provided by** (used in) ~~provided by~~ operating activities of **$ 14. 2 million,** $ (8. 7) million, **and** $ 8. 2 ~~million, and $ (14. 1)~~ million for fiscal years ended **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. We may need additional funds to continue these operations. We may also need additional capital to respond to unusual or unanticipated non- operational events. Such non- operational events include but are not limited to shareholder class action lawsuits, government inquiries or enforcement actions that could potentially arise from the circumstances that gave rise to our restatements, extended filing delays in filing our periodic reports and the impact of **public health emergencies such as** COVID- 19 on our business. Should the financing that we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences could have a material adverse effect on our business, operating results, financial condition and future prospects. On March 17, 2022, the Company entered into an amended and restated credit agreement with JPMorgan Chase Bank, N. A. which provides for a $ 15 million secured revolving credit facility (the " Amended Revolving Facility ") and a $ 25 million secured term facility (the " Amended Secured Term Facility " and together with the Amended Revolving Facility, the " Amended JPMorgan Credit Facility "), and fully replaces our previous 2021

JPMorgan Credit Facility **. On December 1, 2022, the Company entered into a first amendment to the Amended JPMorgan Credit Facility, which, among other things, amended the definition of the Company' s EBITDA under the Credit Agreement**. The Amended JPMorgan Credit Facility has a four year maturity and includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. One financial covenant requires the Company to maintain, at all times, a total leverage ratio of not more than 3. 00 to 1. 00 on the last day of any fiscal quarter. The other financial covenant is conditional on a material acquisition occurring: if a material acquisition occurs, the Company is required to maintain a total leverage ratio not greater than 4. 00 to 1. 00 for the next four fiscal quarters following the material acquisition. The Company was in compliance with its financial covenants as of June 30, ~~2022~~ **2023**. Failure to comply with the foregoing financial covenants, if not cured or waived, will result in an event of default that could trigger acceleration of our indebtedness, which would require us to repay all amounts owed under the ~~2022~~ **Amended** JPMorgan Credit ~~Agreement~~ **Facility** and could have a material adverse impact on our business, liquidity position and financial position. We cannot be certain that our future operating results will be sufficient to ensure compliance with the financial covenants in ~~our 2022~~ **the Amended** JPMorgan Credit ~~Agreement~~ **Facility** or to remedy any defaults. In addition, in the event of any event of default and related acceleration, we may not have or be able to obtain sufficient funds to make the accelerated payments required under the ~~2022~~ **Amended** JPMorgan Credit **Facility** Agreement. Acquisitions may adversely affect our...... incur debt, potentially on unfavorable terms. We are, among other things, subject to certain banking regulations and credit card association regulations. Failure to comply with these regulations may result in the suspension of our business, the limitation, suspension or termination of service, and / or the imposition of fines that could have an adverse effect on our financial condition. Additionally, changes to legal rules and regulations, or interpretation or enforcement thereof, could have a negative financial effect on us or our product offerings. To the extent this occurs, we could be subject to additional technical, contractual or other requirements as a condition of our continuing to conduct our payment processing business. These requirements could cause us to incur additional costs, which could be significant, or to lose revenues to the extent we do not comply with these requirements **. Our international operations, and in particular our expanding European operations, could be affected by factors peculiar to the laws, regulations and business practices of the foreign jurisdictions in which we operate. These laws, regulations and business practices expose us to risks that are different than or in addition to those commonly found in the United States. Risks relating to our international operations and properties include: • changing governmental rules and policies; • enactment of laws restricting the ability to remove profits earned from activities within a particular country to a person' s or company' s country of origin; • changes in laws or policies governing foreign trade or investment and use of foreign operations or workers, and any negative sentiments towards multinational companies as a result of any such changes to laws, regulations or policies or due to trends such as political populism and economic nationalism; • variations in currency exchange rates and the imposition of currency controls; • adverse market conditions caused by terrorism, civil unrest, natural disasters, infectious disease and changes in international, national or local governmental or economic conditions; • business disruptions arising from public health crises and outbreaks of communicable diseases, including the recent coronavirus outbreak; • the willingness of U. S. or international lenders to make loans in certain countries and changes in the availability, cost and terms of secured and unsecured debt resulting from varying governmental economic policies; • the imposition of unique tax structures and changes in other tax rates and other operating expenses in particular countries, including the potential imposition of adverse or confiscatory taxes; • the potential imposition of restrictions on currency conversions or the transfer of funds; • general political and economic instability; and • our limited experience and expertise in foreign countries, particularly European countries, relative to our experience and expertise in the United States. If any of the foregoing risks were to materialize, they could materially and adversely affect us**. The accounting review of our previously issued financial statements and the audits of prior fiscal years have been time- consuming and expensive, has resulted in claims and lawsuits, and may result in additional expense and / or litigation. In fiscal year 2019, the Audit Committee, with the assistance of independent legal and forensic accounting advisors, conducted an internal investigation of then- current and prior period matters relating to certain of the Company' s contractual arrangements, including the accounting treatment, financial reporting and internal controls related to such arrangements (the " 2019 Investigation "). We have incurred significant expenses, including audit, legal, consulting and other professional fees, in connection with the 2019 Investigation, the review of our accounting, the audits, the restatements of previously filed financial statements, bank consents, the remediation of deficiencies in our internal control over financial reporting, the proxy solicitation, and professional services fees to assist the Company with accounting and compliance activities in fiscal year 2020 following the filing of the 2019 Form 10- K. To the extent that steps we have taken to take to reduce errors in accounting determinations are not successful, we could be forced to incur significant additional time and expense. The incurrence of significant additional expense, or the requirement that management devote significant time that could reduce the time available to execute on our business strategies, could have a material adverse effect on our business, results of operations and financial condition. Although we have completed the restatement **and settled with the SEC on the 2019 Investigation as of June 30, 2023**, we cannot guarantee that we will not be subject to future claims, investigations, proceedings, inquiries from regulators and enforcement proceedings. Any future claims, investigations, inquiries or proceedings will, regardless of the outcome, likely consume a significant amount of our internal resources and result in additional costs. Our management has been, and may in the future be, required to devote significant time and attention to litigation and claims, and this and any additional matters that arise could have a material adverse impact on our results of operations and financial condition as well as on our reputation. **Matters relating to or arising from the restatement and the 2019 Investigation, including adverse publicity and potential concerns from our customers, and enforcement proceedings could continue to have an adverse effect on our business and financial condition.** We have previously restated our consolidated financial statements as of and for the fiscal year 2017 and our unaudited consolidated financial statements for the quarterly periods ended September 30, 2016, December 31, 2016, March 31, 2017, September 30, 2017, December 31, 2017, ~~and~~ March 31, 2018 **, and June 30, 2022** . As a result, we have been and could continue to be the subject of negative publicity focusing on the restatement and adjustment of our financial statements, and may be adversely impacted by negative reactions from our customers or others with whom we do business. Concerns include the perception of the effort required to address our accounting and control environment and the ability for us to be a long- term provider to our customers. The continued occurrence of any of the foregoing could harm our business and have an adverse effect on our financial condition. Additionally, as a result of the restatements, we have become subject to a number of additional risks and uncertainties, including substantial unanticipated costs for accounting and legal fees in connection with or related to the restatement. **As** ~~If litigation or enforcement proceedings did occur, we may incur additional substantial defense costs regardless~~ of **June 30, 2023,** ~~their~~ -- **the** ~~outcome~~ **Company has settled the 2019 Investigation with the SEC** . **The** ~~Likewise, such events might cause a diversion of our management' s time and attention. If we do not prevail in any such litigation, we could be required to pay substantial damages or settlement costs. Remaining~~ regulatory matters relating to U. S. Department of Justice (" DOJ ") and Securities and Exchange Commission (" SEC ") inquiries may ~~require significant time and attention, result in substantial expenses and~~ lead to adverse publicity. In the third quarter of fiscal year 2020, the Company responded to a subpoena received from the DOJ that sought records regarding Company activities related to the 2019 Investigation. We cooperated fully with the DOJ' s queries. The DOJ staff has notified us during fiscal year 2022 that they have concluded their investigation and that they do not intend to proceed with any further investigation or enforcement. Since fiscal year 2019, the Company has received inquiries from the SEC into the facts and circumstances of the 2019 Investigation and has fully cooperated with these inquiries. ~~Potential~~ **During the fourth quarter of fiscal year 2023, the Company settled the 2019 Investigation with the** SEC **. As part of the settlement** ~~enforcement could result in substantial legal and accounting expenses~~ , ~~divert management~~ **the Company agreed to neither admit nor deny the findings in the SEC** ' s **final order,** ~~attention from other business concerns~~ and ~~harm our business. Any~~ **it agreed to a cease- and- desist order and payment of a** civil **monetary** ~~action commenced against us could result in administrative orders against us, the imposition of significant penalties~~ **penalty** ~~and / or fines against us, and / or the imposition~~ of ~~civil sanctions against us or certain~~ **$ 1. 5 million. While none** of ~~our former~~ **the Company' s current** officers **were** ~~, directors and / or employees~~ **employed by** ~~. Any regulatory action could result in the filing of additional restatements of our prior financial statements or require that we take other~~ -- **the Company during** ~~actions. If we are subject to an adverse finding resulting from~~ the **period covered by the SEC' s** investigation ~~, we could be required to pay damages or penalties or have other remedies imposed upon us. These matters could require significant management~~ and **final order** ~~financial resources which could otherwise be devoted to the operation of our business. Additionally~~ , as a result of these inquiries **and settlement** , we could be the subject of negative publicity including negative reactions from our customers or others with whom we do business. We and certain of our former officers and directors may become subject to ~~further~~ litigation, government investigations or proceedings ~~arising from the 2019 Investigation~~ . Future litigation, investigation or other actions that may be filed or initiated against us or our former officers or directors may be time consuming and expensive. We cannot predict what losses we may incur in these matters, and contingencies related to our obligations under the federal and state securities laws, or in other legal proceedings or governmental investigations or proceedings related to these matters. To date, we have incurred significant costs in connection with litigation, investigations and with the special litigation committee proceedings. Any legal proceedings, if decided adversely to us, could result in significant monetary damages, penalties and reputational harm, and will likely involve significant defense and other costs. We have entered into indemnification agreements with certain of our former directors and officers, and our bylaws require us to indemnify each of our directors and officers. Further, our insurance may not cover all claims that have been or may be brought against us, and insurance coverage may not continue to be available to us at a reasonable cost. As a result, we have been and may continue to be exposed to substantial uninsured liabilities, including pursuant to our indemnification obligations, which could materially adversely affect our business, prospects, results of operations and financial condition **.**

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could cause a loss of confidence in our financial reporting and adversely affect the trading price of our common stock .

Effective internal control over financial reporting is necessary for us to provide accurate financial information. Section 404 of the Sarbanes- Oxley Act requires us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal control over financial reporting in our Annual Report on Form 10- K. As discussed in Item 9A, our internal controls over financial reporting were not effective as of June 30, ~~2022~~ **2023** due to the existence of multiple material weakness in such controls. Management is in the process of remediating the material weaknesses. We cannot provide assurance that our remediation efforts will be adequate to allow us to conclude that such controls will be effective as of June 30, ~~2023~~ **2024** . If we are unable to adequately maintain our internal control over financial reporting in the future, we may not be able to accurately report our financial results, which could cause investors to lose confidence in our reported financial information, negatively affecting the trading price of our common stock, or our ability to access the capital markets. Refer to Part II, Item 9A for additional information regarding the material weaknesses that have been identified and our remediation plans. As permitted by Pennsylvania law, our by- laws limit the liability of our directors for monetary damages for breach of a director' s fiduciary duty except for liability in certain instances. As a result of our by- law provisions and Pennsylvania law, shareholders may have limited rights to recover against directors for breach of fiduciary duty. In addition, our by- laws and indemnification agreements entered into by the Company with each of the officers and directors provide that we shall indemnify our directors and officers to the fullest extent permitted by law. We can provide no assurance that we will be able to maintain an active trading market for our common stock on the Nasdaq Global Select Market, or any other exchange in the future. If an active market for our common stock is not maintained, or if we fail to satisfy the continued listing standards of Nasdaq for any reason and our securities are delisted, it may be difficult for our security holders to sell their securities without depressing the market price for the securities or at all. An inactive trading market may also impair our ability to both raise capital by selling shares of common stock and complete other acquisitions by using our shares of common stock as consideration. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly for any reason, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, it is likely that, in some future period, our operating results will be below the expectations of securities analysts or investors. If one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline. Although we are currently included in the Russell 2000 ® Index, there is a risk that we could be dropped from inclusion when the list of public companies included in the Russell 2000 ® Index is reconstituted in ~~May~~ **June** ~~2023~~ **2024** if our market capitalization falls below the minimum necessary for inclusion, which could result in a decline in demand for our common stock and, accordingly, the trading price of our common stock following such event. Our articles of incorporation provide that upon a merger or sale of substantially all of our assets or upon the disposition of more than 50 % of our voting power, the holders of at least 60 % of the preferred stock may elect to have such transaction treated as a liquidation and be entitled to receive their liquidation preference. Upon our liquidation, the holders of our preferred stock are entitled to receive a liquidation preference prior to any distribution to the holders of common stock which, as of June 30, ~~2022~~ **2023** was approximately $ 22. 1 million. ~~26~~