

## Risk Factors Comparison 2025-03-28 to 2024-03-28 Form: 10-K

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Our business is subject to a number of risks and uncertainties. If any of the events contemplated by the following risks actually occur, then our business, financial condition or results of operations could be materially adversely affected. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations. **. Due to significant recurring operating losses primarily driven by recent yearly declines in revenue, recurring negative cash flows from operations, and continued reduction in liquidity, we have determined that there is substantial doubt about our ability to continue as a going concern. As noted in the auditor's opinion on our audited financial statements and a related footnote to our audited financial statements, we have incurred significant recurring operating losses primarily driven by recent yearly declines in revenue, recurring negative cash flows from operations, and continued reduction in liquidity that have caused the Company to determine there is substantial doubt about our ability to continue as a going concern. In response to these challenges, the Company has developed and begun implementing a series of strategic actions aimed at improving liquidity, increasing operating efficiency and revenues, and ensuring business continuity. While we believe that we will be able to successfully execute on these strategic actions, there can be no assurances that we will be successful in these efforts. If we are unable to successfully execute on these strategies, our business, prospects, financial condition, and results of operations would be materially and adversely affected, and we may be unable to continue as a going concern. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.** Our business over the last few years has been significantly affected by domestic and global economic and market conditions, including rising costs, supply chain disruptions and labor pressures. During ~~2022 and 2023~~ **and 2024** our business has experienced a period of significant material, labor and shipping price volatility (generally resulting from an increase in the price of commodities, energy costs, freight costs, labor costs and other input costs), ~~as well as supply chain disruptions,~~ in addition to an environment of ~~rising~~ **elevated** interest rates. While some of these input cost increases moderated in ~~fiscal 2023~~ **2024**, other exposures will likely continue in ~~fiscal 2024~~ **2025** and perhaps further into the future. This environment of significant price volatility has resulted in, and may continue to result in, increased costs that may not be, or may only be partially, offset by increasing sales prices and expense reduction. During this same period, we also experienced constrained labor availability which has resulted in inflationary wage pressures, both internally and at key vendors. Although we have developed and implemented strategies to **seek to** mitigate the impact of supply chain disruptions along with the impact of higher input and other costs, these strategies, together with commercial negotiations with our customers and suppliers, typically offset only a portion (less than 100 %) of the adverse impact. Additionally, our operating model typically requires long lead times between the design and development of products, the launch of production and the delivery of the final product. This lead time requires us to secure vendor supply well in advance to minimize launch and production inefficiencies. During such lead times, price commitments are subject to change and could lead to an inability to fully recover all such price changes. Labor shortages could prevent us from meeting customer demand. We and some of our third- party suppliers and service providers have experienced and may continue to experience a shortage of qualified labor at our and their facilities. A prolonged shortage of qualified labor could decrease our third- party vendors' ability to meet our demands and efficiently operate their facilities. Prolonged labor shortage could also lead to decreased productivity and increased labor costs from higher overtime, the need to hire temporary help to meet demand and higher wages ~~rates~~ in order to attract and retain employees. Any of these developments could materially increase our operating costs and have a material adverse effect on our business, results of operations and financial condition. We are dependent on the automotive industry. Demand for our products is directly related to conditions in the global automotive industry, which is highly cyclical and is affected by a variety of factors, including regulatory requirements, international trade policies, **, including tariffs**, and consumer spending and preferences. The automotive industry is characterized by fierce competition and has undergone major restructuring in recent years. The impact of evolving technological changes, including a growing emphasis on electric vehicles, as well as any decline in the automotive industry, domestic or foreign, could have a material adverse effect on our business, results of operations and financial condition. We face intense competition. We compete with a number of other manufacturers and distributors that produce and sell products similar to ours. Price, quality and service are the primary elements of competition. Our competitors include a large number of independent domestic and international suppliers. We are not as large as a number of these companies and do not have as many financial or other resources. Faced with intense domestic and international competition and pressure to reduce costs, many customers have expanded their sourcing of components worldwide. As a result, we have experienced competition from suppliers in other parts of the world that benefit from economic advantages, such as lower labor costs, lower health care costs and fewer regulatory burdens. There can be no assurance that we will be able to compete successfully with existing or new competitors. Increased competition could have a material adverse effect on our business, results of operations and financial condition. We rely on sales to major customers. Our sales to three customers constituted approximately ~~41-35~~ **41-35** % of our consolidated revenues in ~~2023~~ **2024**. Sales to TI Group Automotive Systems, LLC, **Martinrea International Inc. and** Cooper- Standard Holdings Inc, ~~and Martinrea International Inc.~~ accounted for approximately ~~16-13~~ **16-13** %, ~~14-13~~ **14-13** %, and ~~11-9~~ **11-9** % of the Company's consolidated

revenues in 2023-2024, respectively. The loss of any significant portion of our sales to these customers could have a material adverse effect on our business, results of operations and financial condition. We are subject to risks related to export sales, including the imposition of tariffs. Our export sales have increased in recent years, and we are working to continue to expand our business relationships with customers outside of the United States. Export sales are subject to various risks, including risks related to changes in local economic, social and political conditions (particularly in emerging markets), changes in tariffs and trade policies and foreign currency exchange rate fluctuations, which could have a material adverse effect on our business, results of operations and financial condition. Increases in our raw material costs or difficulties with our suppliers could negatively affect us. While we currently maintain alternative sources for raw materials, our business is subject to the risk of price fluctuations and periodic delays in the delivery of certain raw materials. At various times in recent years, we have been adversely impacted by increased costs for steel, our principal raw material, which we have been unable to wholly mitigate, as well as increases in other materials prices, including price increases due to inflation as well as tariffs. Any continued fluctuation in the price or availability of our raw materials could have a material adverse impact on our business, results of operations and financial condition. We may be adversely affected by supply chain disruptions. Many of our customers depend upon intricate just-in-time supply chain systems. A disruption in a supply chain caused by one or more suppliers, and / or an unrelated supplier, due to part shortages, work stoppages, labor shortages, economic hardships or bankruptcy, raw material shortages, transportation disruptions, natural disasters, health emergencies, tariffs, etc. could adversely impact our business, or our customers' business, which could have a material adverse effect on our business, results of operations and financial condition. We may be adversely affected by labor relations issues. Although none of our employees are unionized, the domestic automakers and many of their suppliers, including many of our customers, have unionized work forces. Work stoppages or slow-downs experienced by automakers or their suppliers could result in slow-downs or closures of assembly plants where our products are included in assembled components. In the event that one or more of our customers or their customers experiences a material labor relations issue, our business, results of operations and financial condition could be materially adversely affected. We may incur losses as a result of product liability, warranty or other claims that may be brought against us. We face risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or result, or are alleged to have resulted, in bodily injury, property damage or other losses. In addition, if any of our products are or are alleged to be defective, then we may be required to participate in a product recall or provide reimbursement for damages or losses suffered as a result of such defects and / or recalls. We may also be involved from time to time in legal proceedings and commercial or contractual disputes. Any losses or other liabilities related to these exposures could have a material adverse effect on our business, results of operations and financial condition. We could be adversely impacted by environmental laws and regulations. Our operations are subject to environmental laws and regulations. Currently, environmental costs and liabilities with respect to our operations, and the cost of compliance with such laws and regulations, are not considered material to our business, but there can be no assurance that we will not be adversely impacted by these costs and liabilities in the future either under present laws and regulations or those that may be adopted or imposed in the future. We could be adversely impacted by the loss of the services of key employees. The successful operation of our business depends, in part, upon the efforts of our executive officers and other key employees. Our current success depends, and our future success will depend, in part, upon our ability to attract and retain qualified personnel. Loss of the services of any of our key employees, or the inability to attract or retain employees could have a material adverse affect-effect upon our business, financial condition and results of operations. Any significant disruption, interruption or failure of our information systems could disrupt the operation of our business, result in increased costs and decreased revenues and expose us to liability. Cybersecurity threats are growing in number and sophistication and include, among others, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. In addition to security threats, we are also subject to other systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, natural disasters, power shortages, terrorist attacks or other events. The unavailability of our information systems, the failure of these systems to perform as anticipated or any significant breach of data security could cause loss of data, disrupt our operations, lead to financial losses from remedial actions, require significant management attention and resources, and negatively impact our reputation among our customers, which could have a negative impact on our business, results of operations and financial condition. The price of our common stock is subject to volatility, and our stock is thinly-traded. Various factors, such as general economic changes in the financial markets, announcements or significant developments with respect to the automotive industry, actual or anticipated variations in our or our competitors' quarterly or annual financial results, the introduction of new products or technologies by us or our competitors, changes in other conditions or trends in our industry or in the markets of any of our significant customers, changes in governmental regulation, or changes in securities analysts' estimates of our competitors or our industry, could cause the market price of our common stock to fluctuate substantially. Our common stock is traded on NYSE American (not registered, trading privileges only). The average daily trading volume for our common stock during 2023-2024 was less than 3,000 shares per day. As a result, shares of our common stock may be difficult to sell, and the price of our common stock may vary significantly based on trading volume. **Our indebtedness could adversely affect our financial flexibility, financial condition and our competitive position. In 2025 we entered into a new credit agreement which contains restrictive covenants that limit or will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness. In addition, a default by us under the new credit agreement or an agreement governing any other future indebtedness may trigger cross-defaults under any other future agreements governing our indebtedness. Upon the occurrence of an event of default or cross-default under any of the present or future agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and**

**exercise other remedies as set forth in the agreements. If any of our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern.** We face risks in connection with our internal control over financial reporting, and material weaknesses were identified. As ~~more fully~~ disclosed in Item 9A. Controls and Procedures, ~~a~~ material ~~weaknesses~~ ~~weakness~~ ~~were~~ ~~was~~ identified that existed as of December 31, 2023 **and 2024**, regarding **certain** deficiencies in internal control over financial reporting related to ~~the income taxes and~~ valuation of inventory.