Risk Factors Comparison 2023-03-16 to 2022-03-01 Form: 10-K

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You should carefully read the following discussion of significant factors, events and uncertainties when evaluating our business and the forward- looking information contained in this Form 10- K. The events and consequences discussed in these risk factors could materially and adversely affect our business, operating results, liquidity and financial condition. While we believe we have identified and discussed below the key risk factors affecting our business, these risk factors do not identify all the risks we face, and there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be significant that may have a material adverse effect on our business, performance or financial condition in the future. Operational & Financial Risk Factors Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable. Our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter' s total sales occur towards the end of the quarter, in particular for sales of hardware and software products. This uneven sales pattern makes predicting net revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there may be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be canceled. Depending on when they occur in a quarter, developments such as an information systems failure, component pricing movements, component shortages or global logistics disruptions could adversely impact our inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected. The variety of products that we sell could cause significant quarterly fluctuations in our gross profit margins, and those fluctuations in margins could cause fluctuations in operating income or loss and net income or loss. We continuously work to expand and improve our products, materials and services offerings, geographic areas in which we operate and the distribution channels we use to reach various target product applications and customers. This variety of products, applications, channels and regions involves a range of gross profit margins that can cause substantial quarterly fluctuations in gross profit and gross profit margins depending upon the mix of product shipments from quarter to quarter. Additionally, the introduction of new products or services may further heighten quarterly fluctuations in gross profit and gross profit margins due to manufacturing ramp- up and start- up costs. We may experience significant quarterly fluctuations in gross profit margins or operating income or loss due to the impact of the mix of products, channels or geographic areas in which we sell our products from period to period. Our products and services may experience quality problems from time to time that can result in decreased sales and operating margin, product returns, product liability, warranty or other claims that could result in significant expenses and harm to our reputation. We sell complex hardware and software products, materials and services that can contain undetected design and manufacturing defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after the product has been installed and used by customers. Sophisticated software and applications, such as those sold by us, may contain " bugs " that can unexpectedly interfere with the software' s intended operation. Defects may also occur in components and products we purchase from third parties. There can be no assurance we will be able to detect and fix all defects in the hardware, software, materials and services we sell. Failure to do so could result in lost revenue, product returns, product liability, delayed market acceptance of those products and services, claims from distributors, end- users or others, increased end-user service and support costs, and significant warranty claims and other expenses to correct the defects, diversion of management time and attention and harm to our reputation. Changes in, or interpretation of, tax rules and regulations may impact our effective tax rate and future profitability. We are a U. S. based, multinational company subject to taxation in multiple U. S. and foreign tax jurisdictions. Our future effective tax rates could be adversely affected by changes in statutory tax rates or interpretation of tax rules and regulations in jurisdictions in which we do business, changes in the amount of revenue or earnings in the countries with varying statutory tax rates, or by changes in the valuation of deferred tax assets and liabilities. ~~The U. S. Tax Cuts and Jobs Act is one such example of legislation that impacts our effective tax rate and tax posture. For additional details see Note 22 to the consolidated financial statements in Item 8 of this Form 10- K.~~ In addition, we are subject to audits and examinations of previously filed income tax returns by the Internal Revenue Service and other domestic and foreign tax authorities. We regularly assess the potential impact of such examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that we expect may result from the current examinations. We believe such estimates to be reasonable; however, there is no assurance that the final determination of any examination will not have an adverse effect on our operating results and financial position. Changes in business conditions may cause goodwill and other intangible assets to become impaired. Goodwill and other intangible assets are subject to an impairment test on an annual basis and when circumstances indicate that an impairment is more likely than not. Such circumstances include a significant adverse change in the business climate or a decision to dispose of a business or product line. We face some uncertainty in our business environment due to a variety of challenges, including changes in customer demand. While we have not recorded an impairment to our goodwill since the third quarter of 2020, we may experience additional unforeseen circumstances that adversely affect the value of our goodwill or intangible assets and trigger an evaluation of the amount of the recorded goodwill and intangible assets. Future write- offs of goodwill or other intangible assets as a result of an impairment in the business could materially adversely affect our results of operations and financial condition. ~~The COVID- 19 pandemic could materially adversely affect our financial condition and results of operations. The novel strain of the coronavirus identified in China in late 2019 (" COVID- 19 ") has globally spread throughout other areas such as Asia, Europe, the Middle East, and North America and has resulted in authorities~~

~~imposing, and businesses and individuals implementing, numerous unprecedented measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter- in- place / stay- at- home and social distancing orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors, suppliers, and partners. Each of the countries in which we operate has been affected by the outbreak and new variants and taken measures to try to contain it. The ultimate impact and efficacy of government measures and potential future measures is currently unknown. There is continued uncertainty regarding the business impacts from such measures and potential future measures. While we have been able to continue our operations through a combination of work- from- home, social distancing and mandatory vaccinations in certain geographies – policies implemented to comply with government regulations and protect employees, these measures have resulted in reduced workforce availability at some of our sites. Restrictions on our access to customer facilities may impact our ability to meet customer demand and could have a material adverse effect on our financial condition and results of operations, particularly if prolonged. Our customers have experienced, and may continue to experience, disruptions in their operations, which can result in delayed, reduced, or canceled orders, or collection risks, and which may adversely affect our results of operations. The pandemic has significantly increased economic and demand uncertainty. It is possible that the current outbreak and continued spread of COVID- 19 and new variants will continue to cause an economic slowdown. There is a significant degree of uncertainty and lack of visibility as to the extent and duration of any such slowdown or recession. Risks related to a slowdown or recession may harm our long- term ability to do business, adversely affect our sales, costs, results of operations and cash flow. Given the significant economic uncertainty and volatility created by the pandemic, it is difficult to predict the nature and extent of impacts on demand for our products and services. These expectations are subject to change without warning and investors are cautioned not to place undue reliance on them. The spread of COVID- 19 has caused us to continuously evaluate and, in some cases, modify our business practices (including employee travel, employee work locations, cancellation of physical participation in meetings, events and conferences, and social distancing measures), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, vendors, and suppliers. Work- from- home and other measures introduce additional operational risks, including cybersecurity risks, and have affected the way we conduct our product development and testing, customer support, and other activities, which could have an adverse effect on our operations. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and illness and workforce disruptions could lead to unavailability of key personnel and harm our ability to perform critical functions.~~ We depend on external vendors ~~,~~ **and** suppliers ~~and outsourcing partners~~ for the components ~~, assembly~~ and spare parts ~~of~~ **for** our 3D printers and for chemicals and packaging used in our materials. ~~The ongoing~~ **Supply and logistical disruptions that began during the** COVID- 19 pandemic **continue** ~~has caused supply and logistical disruptions~~ for ~~both~~ **many of** our ~~outsourcing partners and~~ supply chain partners. If these relationships were to terminate or these disruptions worsen, our business could be disrupted while we locate alternative sources of supply and our expenses may increase ~~. We have outsourced to selected design and manufacturing companies the assembly of our printers. In carrying out these outsourcing activities, we face a number of risks, including, among others, the following: • The risk that the parties that we retain to perform assembly activities may not perform in a satisfactory manner; • The risk of disruption in the supply of printers or other products to our customers if such third parties either fail to perform in a satisfactory manner or are unable to supply us with the quantity of printers or other products that are needed to meet then current customer demand; • The risk of work delays or supply chain disruptions stemming from governmental efforts to contain the COVID- 19 pandemic; and • The risk of insolvency of suppliers, as well as the risks that we face, as discussed below, in dealing with a limited number of suppliers~~. We purchase components and sub- assemblies for our printers from third- party suppliers that we provide to our customers as spare parts. Additionally, we purchase raw chemicals and packaging that are used in our materials, as well as certain of those materials, from third- party suppliers. While there are typically several potential suppliers of parts for our products, we currently choose to use only one or a limited number of suppliers for several of these items, including our lasers, materials and certain jetting components. Our reliance on a single or limited number of suppliers involves many risks, including, among others, the following: • Potential shortages of some key components; • Disruptions in the operations of these suppliers; • Product performance shortfalls; and • Reduced control over delivery schedules, assembly capabilities, quality and costs. The COVID- 19 pandemic ~~has~~ created sporadic delays on the inbound supply chain at our partners and our own facilities **that have not been fully resolved** . ~~Additional~~ **Continued** delays on both inbound and outbound logistics have also created challenges. We continue to identify alternative solutions, but an inability to source from alternative suppliers in a timely manner could impact on our ability to fulfill demand. While we believe that, if necessary, we can obtain all the components necessary for our spare parts and materials from other manufacturers, we require any new supplier to become " qualified " pursuant to our internal procedures, which could involve evaluation processes of varying durations. Our spare parts and raw chemicals used in our materials production are subject to various lead times. In addition, at any time, certain suppliers may decide to discontinue production of a part or raw material that we use. Any unanticipated change in the sources of our supplies, or unanticipated supply limitations, could increase production or related costs and consequently reduce margins. If our forecasts exceed actual orders, we may hold large inventories of slow- moving or unusable parts, which could have an adverse effect on our cash flow, profitability and results of operations. Inversely, we may lose orders if our forecast is low and we are unable to meet demand. There is considerable uncertainty on the business impact from **labor** ~~current measures~~ and **supply limitations** ~~potential future measures to contain the spread of the COVID- 19 pandemic~~ on our vendors, suppliers, and partners ~~, especially if such measures are in effect for an extended period of time~~. If disruptions to global businesses ~~from the pandemic~~ continue or worsen **it** ~~, our business could face greater supply chain delays and difficulty shipping or receiving products and materials, which~~ could have a material adverse effect on our financial condition and results of operations. The loss of, continued reduction or substantial decline in revenue from larger clients could have a material adverse effect on our revenues, profitability and liquidity. We experience revenue concentration with a large customer that represents over 20 % of our consolidated revenue. Generally, our contracts do not contain guarantees of minimum duration, revenue levels, or profitability. This customer may terminate ~~their~~ **its** contracts or materially reduce ~~their~~ **its** requested levels of products or services at any time. The loss of, deterioration of the financial condition of, or a significant change to the business of this customer could have a material adverse effect on our business, financial condition, and results of operations. Additionally, this concentration exposes us to concentrated credit risk, as a significant portion of our accounts receivable may be from a single customer. If we are unable to collect our receivables, or are required to take additional reserves, our results **of operations** and cash ~~flows~~ - **flow from operations** will be adversely affected. If we do not generate net cash flow from operations and if we are unable to raise additional capital, our financial condition could be adversely affected and we may not be able to execute our growth strategy. We cannot assure you that we will ~~continue to~~ generate cash from operations or identify and secure other potential sources to fund future working capital needs and meet capital expenditure requirements. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring or incurring additional debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to obtain additional capital or refinance any indebtedness will depend on, among other things, the capital markets, our financial condition at such time and the terms and conditions of any such financing or indebtedness. We may not be able to engage in any of these activities or engage in these activities on desirable terms ~~, which could result in a default on our debt obligations~~ . The lack of additional capital resulting from any inability to generate cash flow from operations or to raise equity or debt financing could force us to substantially curtail or cease operations and would, therefore, have an adverse effect on our business and financial condition. Furthermore, we cannot assure you that any necessary funds, if available, would be available on attractive terms or that they would not have a significantly dilutive effect on our existing stockholders. If our financial condition were to worsen and we become unable to attract additional equity or debt financing or enter into other strategic transactions, we would not be able to execute our growth strategy and we could **default on our debt obligations,** become insolvent or be forced to declare bankruptcy. Our business could be adversely impacted in the event of a failure of our information technology infrastructure or adversely impacted by a successful cyber- attack. We have experienced cyber security threats, threats to our information technology infrastructure and unauthorized attempts to gain access to our sensitive information. Prior cyber- attacks directed at us have not had a material impact on our business or financial results; however, this may not continue to be the case in the future. Cyber security assessment analyses undertaken by us have identified and prioritized steps to fortify our cyber security safeguards. We have and will continue to implement additional security measures and processes which enhance our ability to detect and respond to a cyber- attack. We have increased our cyber breach insurance and implemented company- wide cyber security awareness training as well as dedicated certain personnel to address this threat. Despite the implementation of these safeguards, there can be no assurance that we will adequately protect our information or that we will not experience any future successful attacks. The threats we face vary from attacks common to most industries to more advanced and persistent, highly organized adversaries who target us because of the products and services we provide. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted. We may need to expend significant additional resources to modify our cyber security protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications, and we may be subject to litigation and financial losses. These costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, our financial results or our reputation; or such events could result in the loss of competitive advantages derived from our research and development efforts or other intellectual property or early obsolescence of our products and services. Our operations could suffer if we are unable to attract and retain key management or other key employees. Our success depends upon the performance of our senior management and other key personnel. Our senior executive team is critical to the management of our business and operations, as well as to the development and execution of our strategy. When changes occur at our senior management level, as well as for key personnel, we typically incur incremental costs including search costs and relocation costs. High demand exists for senior management and other key personnel (including scientific, technical and sales personnel) in the 3D printing industry, and there can be no assurance that we will be able to attract and retain such personnel. We experience intense competition for qualified personnel. While we intend to continue to provide competitive compensation packages to attract and retain key personnel and engage in regular succession planning for these positions, some of our competitors for these employees have greater resources and more experience, making it difficult for us to compete successfully for key personnel. If we cannot attract and retain sufficiently qualified technical employees for our research and development and manufacturing operations, we may be unable to develop and commercialize new products or new applications for existing products. Furthermore, possible shortages of key personnel, including engineers, in the regions surrounding our facilities could require us to pay more to hire and retain key personnel, thereby increasing our costs. Servicing our debt may require a significant amount of cash, and we may not have sufficient cash or the ability to raise the funds necessary to settle conversions of the 0 % convertible senior notes due 2026 (" the Notes") in cash, repay the Notes at maturity, or repurchase the Notes as required following a fundamental change. As of December 31, ~~2021~~ **2022 ,** we had $ 460 million outstanding of the Notes. Our ability to refinance our indebtedness, including the Notes, or to make cash payments in connection with any conversions of the Notes, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt. In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. In addition, holders of the Notes have the right to require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change (as defined in the applicable indenture governing the Notes) at a repurchase price equal to 100 % of the principal amount of the Notes to be repurchased. If the Notes have not previously been converted or repurchased, we will be required to repay such Notes in cash at maturity. Our ability to make required cash payments in connection with conversions of the Notes, repurchase the Notes in the event of a fundamental change, or to repay or refinance the Notes at maturity will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. We also may not use the cash proceeds we raised through the issuance of the Notes in an optimally productive and profitable manner. As a result, we may not have enough available cash or be able to obtain financing at the time we are required to repurchase or repay the Notes or pay cash with respect to Notes being converted. Business Strategy Risk Factors We have made, and may make in the future, strategic acquisitions and divestitures that may involve significant risks and uncertainties. We may not realize the anticipated benefits of past or future acquisitions and integration of these acquisitions may disrupt our business and divert management attention. Likewise, our potential future divestitures may be unsuccessful and negatively impact our business. From time to time, we evaluate acquisition candidates that fit our business objectives. Acquisitions involve certain risks and uncertainties, including, among others, the following: • Difficulty in integrating newly acquired businesses and operations in an efficient and cost- effective manner, which may also impact our ability to realize the potential benefits associated with the acquisition; • The risk that significant unanticipated costs or other problems associated with integration may be encountered; • The challenges in achieving strategic objectives, cost savings and other anticipated benefits; • The risk that our marketplaces do not evolve as anticipated and that the technologies acquired do not prove to be those needed to be successful in the marketplaces that we serve; • The risk that we assume significant liabilities that exceed the limitations of any applicable indemnification provisions or the financial resources of any indemnifying party; • The inability to maintain a relationship with key customers, vendors and other business partners of the acquired businesses; • The difficulty in maintaining controls, procedures and policies during the transition and integration; • The potential loss of key employees of the acquired businesses; • The risk of diverting management attention from our existing operations; • Difficulties in coordinating geographically disparate organizations and corporate cultures and integrating management personnel with different business backgrounds; • The potential failure of the due diligence process to identify significant problems, liabilities or other challenges of an acquired company or technology; • The risk that we incur significant costs associated with such acquisition activity that may negatively impact our operating results before the benefits of such acquisitions are realized, if at all; • The entry into marketplaces where we have no or limited direct prior experience and where competitors have stronger marketplace positions; • The exposure to litigation or other claims in connection with our assuming claims or litigation risks from terminated employees, customers, former shareholders or other third parties; and • The risk that historical financial information may not be representative or indicative of our results as a combined company. Historically, we have grown organically and from acquisitions, and we intend to continue to grow in such manner. Our infrastructure will require, among other things, continued development of our financial and management controls and management information systems, management of our sales channel, continued capital expenditures, the ability to attract and retain qualified management personnel and the training of new personnel. We cannot be sure that our infrastructure, systems, procedures, business processes and managerial controls will be adequate to support the growth in our operations. Any delays in, or problems associated with, implementing, or transitioning to, new or enhanced systems, procedures, or controls to accommodate and support the requirements of our business and operations and to effectively and efficiently integrate acquired operations may adversely affect our ability to meet customer requirements, manage our product inventory, and record and report financial and management information on a timely and accurate basis. These potential negative effects could prevent us from realizing the benefits of an acquisition transaction or other growth opportunity. Likewise, we have in the past, and may in the future, divest certain business operations. Divestitures involve a number of risks, including the diversion of management' s attention, significant costs and expenses, goodwill and other intangible asset impairment charges, the loss of customer relationships and cash flow, and the disruption of operations in the affected business. Failure to timely complete or consummate a divestiture may negatively affect valuation of the affected business or result in restructuring charges. In the event of an unsuccessful acquisition or divestiture, our competitive position, revenues, results of operations and financial condition could be adversely affected. We believe that our future success depends on our ability to deliver products and services that meet changing technology and customer needs. Our business may be affected by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new standards and practices, any of which could render our existing products and proprietary technology obsolete. Accordingly, our ongoing research and development programs are intended to enable us to maintain technological leadership. We believe that to remain competitive we must continually enhance and improve the functionality and features of our products, services and technologies. However, there is a risk that we may not be able to: • Develop or obtain leading technologies useful in our business; • Enhance our existing products; • Develop new products, services and technologies that address the increasingly sophisticated and varied needs of prospective customers, particularly in the area of printer speeds and materials functionality; • Respond to technological advances and emerging industry standards and practices on a cost- effective and timely basis; or • Recruit or retain key technology employees. If we are unable to meet changing technology and customer needs, our competitive position, revenue, results of operations and financial condition could be adversely affected. The success of our regenerative medicine efforts depends on developing and commercializing products, either ourselves or in conjunction with development partners, that are subject to technical and market risks. Our regenerative medicine business requires us to develop products that enable the application of additive manufacturing to human organ transplantation and other non- organ human applications. These initiatives may require significant investment and technical achievement of viable product candidates may not be achieved. Our development efforts remain subject to risks including but not limited to unanticipated technical or other hurdles to commercialization. Any products developed through our research efforts are subject to safety, regulatory and efficacy risks that may result in delays to commercialization, cause us to incur additional expenses or fail to achieve commercialization. In addition, any products that achieve commercialization and regulatory approval are subject to market risks including reimbursement from third- party payers and competition from existing or new products that aim to address similar indications. Regulatory, Legislative and Legal Risk Factors We are subject to U. S. and other anti- corruption laws, trade controls, economic sanctions and similar laws and regulations. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation. Doing business on a worldwide basis requires us to comply with the laws and regulations of the U. S. government and various foreign jurisdictions. These laws and regulations place restrictions on our operations, trade practices, partners and investments. In particular, our operations are subject to U. S. and foreign anti- corruption and trade control laws and regulations, such as the Foreign Corrupt Practices Act (" FCPA ") and United Kingdom Bribery Act (the " Bribery Act "), export controls and economic sanctions programs, including those administered by the U. S. Treasury Department' s Office of Foreign Assets Control (" OFAC "), the State Department' s Directorate of Defense Trade Controls (" DDTC ") and the Bureau of Industry and Security (" BIS ") of the Department of Commerce. As a result of doing business in foreign countries and with foreign customers, we are exposed to a heightened risk of violating anti- corruption and trade control laws and sanctions regulations. As part of our business, we may deal with state- owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA' s prohibition on providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. In addition, the provisions of the Bribery Act extend beyond bribery of foreign public officials and also apply to transactions with individuals that a government does not employ. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Our continued expansion outside the U. S., including in Brazil, China, India and developing countries, and our development of new partnerships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future. As an exporter, we must comply with various laws and regulations relating to the export of products and technology from the U. S. and other countries having jurisdiction over our operations. In the U. S., these laws include the International Traffic in Arms Regulations (" ITAR ") administered by the DDTC, the Export Administration Regulations (" EAR ") administered by the BIS and trade sanctions against embargoed countries and destinations administered by OFAC. The EAR governs products, parts, technology and software which present military or weapons proliferation concerns, so- called " dual use " items, and ITAR governs military items listed on the United States Munitions List. Prior to shipping certain items, we must obtain an export license or verify that license exemptions are available. Any failures to comply with these laws and regulations could result in fines, adverse publicity and restrictions on our ability to export our products, and repeat failures could carry more significant penalties. Violations of anti- corruption and trade control laws and sanction regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment and could harm our reputation, create negative shareholder sentiment and affect our share value. We have established policies and procedures designed to assist our compliance with applicable U. S. and international anti- corruption and trade control laws and regulations, including the FCPA, the Bribery Act and trade controls and sanctions programs administered by OFAC, the DDTC and BIS, and have trained our employees to comply with these laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or other associated persons will not take actions in violation of our policies and these laws and regulations. Additionally, there can be no assurance that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage or provide a defense to any alleged violation. In particular, we may be held liable for the actions that our joint venture partners take inside or outside of the United States, even though our partners may not be subject to these laws. Such a violation, even if our policies prohibit it, could have an adverse effect on our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, persons and entities, which could adversely affect our reputation, business, financial condition and results of operations. ~~We disclosed potential violations of U. S. export controls laws to the U. S. federal government that resulted in multiple investigations. We have implemented compliance processes and procedures to identify and prevent potential future violations of export control laws, trade sanctions, and government contracting laws and regulations, and continue to review our government contracting compliance risks and potential violations.~~ Failure to comply with the terms of ~~the Administrative~~ **our settlement** ~~Agreement~~ **agreements** ~~or~~ **with** the ~~commencement~~ **U. S. Departments** of **State, Commerce, and Justice could have** a **material** ~~separate action by another governmental agency would result in decreased revenues~~ and ~~additional harm to our reputation and otherwise adversely~~ -- **adverse** ~~affect~~ **impact on** our business, ~~operating~~ results **of operations** and financial condition **, and, even if we comply with those settlement agreements, the costs and burdens of compliance could be significant, and we may face additional investigations and proceedings from other governmental entities or third parties related to the same or similar conduct underlying the agreements** . In October 2017, we received an administrative subpoena from **the Bureau of Industry and Security of the Department of Commerce ("** BIS **")** requesting the production of records in connection with possible violations of U. S. export control laws, including with regard to our former Quickparts. com, Inc. subsidiary. In addition, while collecting information responsive to the above- referenced subpoena, our internal investigation identified potential violations of ~~ITAR~~ **the International Traffic in Arms Regulations** administered by **the Directorate of Defense Trade Controls of the Department of State ("** DDTC **")** and potential violations of the Export Administration Regulations administered by **the** BIS. On June 8, 2018 and thereafter, we submitted voluntary disclosures to BIS and DDTC identifying ~~numerous~~ potentially unauthorized exports **between 2012 and 2017, including to China,** of **controlled items including** technical data ~~. As part of our ongoing review of trade compliance risks and our cooperation with the government, on November 20, 2019, we submitted to OFAC an initial notice of voluntary disclosure regarding potential violations of economic sanctions related to Iran. We continued to investigate this issue and filed final disclosures with OFAC on May 20, 2020 and December 21, 2021. We have and will continue to implement compliance enhancements to our export controls, trade sanctions, and government contracting compliance program to address the issues identified through our ongoing internal investigation and will cooperate with DDTC and BIS, as well as the U. S. Departments of Justice, Defense, Homeland Security and Treasury in their ongoing reviews of these matters~~ . In connection with these **matters** ~~ongoing reviews~~ , in August 2020, **we** ~~the Company~~ received two federal grand jury subpoenas issued by the U. S. District Court for the Northern District of Texas. The Company responded to these two subpoenas and will continue to fully cooperate with the U. S. Department of Justice **(" DOJ ")** in the related investigation. **Over** ~~Although we cannot predict~~ the ~~ultimate resolution of~~ **past several months, the Company engaged in settlement discussions with DDTC, BIS, and DOJ to settle the potential export control violations described above. On February 27, 2023, the Company settled** these matters **with all three agencies. See Note 23** , **" Commitments and Contingencies, " to our consolidated financial statements included in Part II, Item 8, " Financial Statements and Supplementary Data " of this Form 10- K for additional information. Compliance with the terms of these agreements, which impose remedial measures such as a Special Compliance Officer to monitor the Company' s export compliance programs, could continue to impose significant costs and burdens on us. If** we **fail to comply with the terms of these agreements, DDTC, BIS and / or DOJ may impose substantial monetary penalties, which could** have ~~incurred~~ **a material adverse effect on our business, financial condition** and **results of operations** ~~expect to continue to incur significant legal costs and other expenses in connection with responding to the U. S. government agencies~~ . Since 2018, we have implemented new compliance procedures to identify and prevent potential violations of export controls laws, trade sanctions, and government contracting laws and regulations and created a Compliance Committee of the Board of Directors to further enhance board oversight of compliance risks. As we continue to implement additional compliance enhancements, we may discover additional potential violations of export controls laws, trade sanctions, and / or government contracting laws in the future. If we identify any additional potential violations, we will submit voluntary disclosures to the relevant agencies and cooperate with such agencies on any related investigations. **However, if** ~~If the U. S. government finds that~~ we have ~~violated~~ **additional violations of** one or more export ~~controls~~ - **control** laws, trade sanctions, or government contracting laws, we could be subject to various civil or criminal penalties ~~. By statute~~ , ~~these penalties can include but are not limited to fines, which by statute may be~~ significant **compliance** , **litigation** ~~denial of export privileges, and suspension~~ or ~~debarment~~ **settlement costs, other losses, or a diversion of management' s attention** from ~~participation in U. S. government contracts~~ **other business concerns and have a material adverse effect on our business, results of operations and financial condition** . We may also be subject to **negative publicity related to** ~~contract claims based upon such violations. Any assessment of penalties or other liabilities incurred in connection with~~ these matters **that** could harm our reputation ~~and customer relationships~~ , **reduce demand** ~~create negative investor sentiment, and affect our share value. In connection with any resolution, we may also be required to undertake additional remedial compliance measures and program monitoring. We cannot at this time predict when the U. S. government agencies will conclude their investigations or determine an estimated cost, if any, or range of costs,~~ for ~~any penalties, fines or~~ **our solutions and services, result** ~~other liabilities to third parties that may be incurred~~ in ~~connection with these matters~~ **employee attrition and negatively impact our stock price** . We derive a significant portion of our revenue from business conducted outside the U. S. and are subject to the risks of doing business outside the U. S. We face many risks inherent in conducting business activities outside the U. S. that, unless managed properly, may adversely affect our profitability, including our ability to collect amounts due from customers. While most of our operations outside the U. S. are conducted in highly developed countries, our operations could be adversely affected by, among others, the following: • Unexpected changes in laws, regulations and policies of non- U. S. governments relating to investments and operations, as well as U. S. laws affecting the activities of U. S. companies abroad; • Changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices and data privacy concerns; • Political policies, political or civil unrest, terrorism or epidemics and other similar outbreaks; • Fluctuations in currency exchange rates; • Limited protection for the enforcement of contract and intellectual property rights in some countries; • Difficulties in staffing and managing foreign operations; • Operating in countries with a higher incidence of corruption and fraudulent business practices; • Potentially adverse changes in taxation; • The impact of public health epidemics on employees and the global economy; and • Other factors, depending upon the specific country in which we conduct business. These uncertainties may make it difficult for us and our customers to accurately plan future business activities and may lead our customers in certain countries to delay purchases of our products and services. More generally, these geopolitical, social and economic conditions could result in increased volatility in global financial markets and economies. The consequences of terrorism or armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our market opportunities or our business. We are uninsured for losses and interruptions caused by terrorism, acts of war and similar events. While the geographic areas outside the U. S. in which we operate are generally not considered to be highly inflationary, our foreign operations are sensitive to fluctuations in currency exchange rates arising from, among other things, certain intercompany transactions that are generally denominated, for example, in U. S. dollars rather than their respective functional currencies. Moreover, our operations are exposed to market risk from changes in interest rates and foreign currency exchange rates and commodity prices, which may adversely affect our results of operations and financial condition. We seek to minimize these risks through regular operating and financing activities and, when we consider it to be appropriate, through the use of derivative financial instruments. However, our efforts to minimize our exposure to market risks from changes in interest rates, foreign currency exchange rates and commodity prices may prove to be insufficient or unsuccessful. We may incur substantial costs enforcing or acquiring intellectual property rights and defending against third- party claims as a result of litigation or other proceedings. In connection with the enforcement of our own intellectual property rights, the acquisition of third- party intellectual property rights or disputes related to the validity or alleged infringement of third- party intellectual property rights, including patent rights, we have been, and may in the future be, subject to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation may be costly and can be disruptive to our business operations by diverting attention and energies of management and key technical personnel, and by increasing our costs of doing business. Although we have successfully defended or resolved past litigation and disputes, we may not prevail in any ongoing or future litigation and disputes, which could adversely affect our results of operations and financial condition. Third- party intellectual property claims asserted against us could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete or require us to satisfy indemnification commitments with our customers, including contractual provisions under various license arrangements. In addition, we may incur significant costs in acquiring the necessary third- party intellectual property rights for use in our products. Any of these could seriously harm our business. We may not be able to protect our intellectual property rights and confidential information, including our digital content, from third- party infringers or unauthorized copying, use or disclosure. Although we defend our intellectual property rights and endeavor to combat unlicensed copying and use of our digital content and intellectual property rights through a variety of techniques, preventing unauthorized use or infringement of our rights (“ piracy attacks ”) is inherently difficult. If our intellectual property becomes subject to piracy attacks, our business may be harmed. Additionally, we endeavor to protect the secrecy of our digital content, confidential information and trade secrets. If unauthorized disclosure of our trade secrets occurs, we could potentially lose trade secret protection. The loss of trade secret protection could make it easier for third parties to compete with our products by copying previously confidential features, which could adversely affect our business, results of operations, revenue and operating margins. We also seek to protect our confidential information and trade secrets through the use of non- disclosure agreements. However, there is a risk that our confidential information and trade secrets may be disclosed or published without our authorization, and in these situations it may be difficult and / or costly for us to enforce our rights. Material weaknesses in our internal control over financial reporting could result in material misstatements in our financial statements not being prevented or detected, which could affect investor confidence in the accuracy and completeness of our financial statements and could negatively impact ~~on~~ our stock price and financial condition. As a public company, we are required to comply with Section 404 of the Sarbanes- Oxley Act. If we fail to abide by the applicable requirements of Section 404, regulatory authorities, such as the SEC, could subject us to sanctions or investigation, and our independent registered public accounting firm may not be able to certify as to the effectiveness of our internal control over financial reporting pursuant to an audit of our **internal** controls. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. Accordingly, our internal control over financial reporting may not prevent or detect misstatements because of their inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. ~~During the preparation of our financial statements for the period ended December 31, 2020, management~~ **Management , including** ~~identified two material weaknesses in~~ our **Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company’ s** internal control over financial reporting ~~related~~ **as of December 31, 2022. Based on its assessment, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2022, due to the following** ~~to two~~ ~~a lack of certain~~ **material weaknesses. We did not design or maintain effective** controls ~~, or improper execution~~ **in response to the risks** of ~~designed control~~ **material misstatement, including designing and maintaining formal accounting policies,** procedures, **and controls over significant accounts and disclosures to achieve complete, accurate and timely financial accounting, reporting and disclosures, with respect to:** (1) **revenue, receivables** ~~for certain non- standard contracts~~ and ~~non- standard~~ **deferred revenue, including the input of executed** contract terms **into the Company’ s information systems that perform revenue recognition** and (2) ~~over~~ the review of internally prepared reports and analyses utilized in the financial closing process. **Although** ~~These~~ **these material weaknesses did not** ~~combination of control deficiencies were partially related to employee turnover, resulting in a temporary shortage of personnel with appropriate knowledge or skills to perform an effective review during our financial statement close process. In addition, certain control deficiencies related to the completeness and review of transactions that were infrequent in nature. These control deficiencies could have resulted~~ -- **result** ~~in a misstatement of accounts and disclosures that could have resulted~~ in a material misstatement of our ~~annual or interim~~ consolidated financial statements **for the periods** ~~that would not have been prevented~~ **presented , there is a possibility they could lead to a material misstatement of account balances** or ~~detected~~ **disclosures** . Accordingly, management has ~~determined~~ **concluded** that these control deficiencies constitute material weaknesses. **The** ~~During the preparation of our financial statements for the period ended December 31, 2021, management completed its assessment of the effectiveness of our internal controls over financial reporting and concluded that the two previously identified~~ material weaknesses **described above were initially** ~~had not been fully remediated, although the number of control deficiencies that resulted in these material weaknesses had been reduced. An additional material weakness was~~ identified ~~relating to the calculation of the Company' s provision for income taxes, including for material non- routine transactions. The control deficiencies outstanding~~ at December 31, ~~2021~~ **2020** ~~were partially related to employee training, resulting in a lack of knowledge or skill level to properly execute the designed controls or perform an~~ **and continued** ~~effective review over certain manual controls related~~ to **exist at December 31** ~~the financial statement close process. In addition~~ , **2022** ~~certain control~~

~~deficiencies related to the timely review of transactions that were infrequent in nature~~ . As further described in Item 9A, Management' s Report on Internal Control over Financial Reporting, we began implementing a remediation plan in January 2021 designed to improve our internal control over financial reporting through the development and implementation of more formal policies, processes and documentation procedures relating to our financial reporting, the hiring of additional accounting personnel , and the training of ~~new~~ personnel ~~and existing personnel in new roles~~ on proper execution of designed control procedures. ~~In 2021, we engaged outside consultants to advise on changes in the design of our controls and procedures and to advise on technical accounting matters. In continuation of this remediation plan and to address the additional tax material weakness, in 2022, we plan to hire additional staff with appropriate accounting, finance, operational and technology knowledge and experience in the design and execution of controls, redesign ineffective controls or processes, implement software to enhance our financial close and reporting and tax processes as well as establish a formal controls governance committee.~~ While we believe our remediation plans ~~described above~~ should remediate the material weaknesses, we cannot provide assurance of when the material weaknesses will be remediated, nor can we be certain of whether additional actions will be required or the costs of any such actions. Moreover, we cannot provide assurance that additional material weaknesses will not arise in the future. While the material weaknesses discussed in Item 9A, Management' s Report on Internal Control over Financial Reporting, did not result in material misstatements of our annual or interim consolidated financial statements, any failure to remediate the material weaknesses, or the identification of new material weaknesses in our internal control over financial reporting, could result in material misstatements in our financial statements that may continue undetected, negatively impacting the public perception of the Company and our securities and cause us to fail to meet our reporting and financial obligations or incur significant additional costs to remediate the material weaknesses, each of which could negatively affect our stock price, harm our ability to raise capital on favorable terms in the future or otherwise have a negative impact on our financial condition. ~~General Risk Factors Our common stock price has been and may continue to be volatile. The market price of our common stock has experienced, and may continue to experience, considerable volatility. Between January 1, 2020 and December 31, 2021, the trading price of our common stock has ranged from a low of $ 4. 60 per share to a high of $ 56. 50 per share. Numerous factors could have a significant effect on the price of our common stock, including those described or referred to in this " Risk Factors " section of this Form 10- K, as well as, among other things: • Our perceived value in the securities markets; • Overall trends in the stock market; • Announcements of changes in our forecasted operating results or the operating results of one or more of our competitors; • The impact of changes in our results of operations, our financial condition or our prospects; • Market conditions for providers of products and services such as ours; • Executive level management uncertainty or change; • Changes in recommendations or revenue or earnings estimates by securities analysts; and • Announcements of acquisitions by us or one of our competitors.~~