

Risk Factors Comparison 2025-03-17 to 2024-03-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

Adverse global **As the RFID industry continues to grow, there has been and an** regional economic conditions **increase in the number of companies entering the market, including from China. Competitors** have and may continue to **sell products** materially adversely affect our ~~or solutions at low prices~~ business, results of operations and financial condition. We conduct operations internationally with sales in **order to gain market share, because** the ~~they~~ Americas, Europe and **have lower costs than the other competitors** Middle East, **or for other reasons** and Asia-Pacific regions. **The number of** Our manufacturing operations and third-party contract manufacturers are located in China, Singapore, and Thailand / Southeast Asia. We ~~the~~ **amount of manufacturing capacity has** also **increased significantly** purchase certain products and key components from a limited number of sources that depend on the supply chain, including freight, to receive components, transport finished goods and deliver our products across the world. **If the** As a result, adverse global and regional economic conditions may materially adversely affect our business, results of operations and financial condition. Such conditions, including but not limited to inflation, slower ~~growth~~ or recession, higher interest rates and currency fluctuations, and other conditions that may impact consumer confidence and spending may adversely affect demand for our products. During fiscal years 2023 and 2022, we were impacted by adverse macroeconomic conditions including but not limited to inflation, foreign currency fluctuations, and the slowdown of economic activity around the globe. Adverse conditions included experiencing delays and reductions in customer orders, shifting supply chain availability and component shortages. We also continue to be affected by supply chain challenges. Global economic conditions have also impacted our suppliers, contract manufacturers, logistics providers, and distributors, causing increases in cost of materials and higher shipping and transportation rates, which then ~~the~~ **impacted the pricing of our products..... depends on the extent and pace of** RFID market adoption and end-user adoption of our RFID products and the timing of new customer deployments. Our financial performance depends on the pace, scope and depth of end-user adoption of our RFID products in multiple industries **industry**. That pace, scope and depth continued to accelerate during 2023 which has caused large fluctuations in our operating results. If RFID market adoption, and adoption of our products specifically, ~~does not~~ **keep pace with** meet our expectations, then ~~the~~ **increased manufacturing** our growth prospects and operating results will be adversely affected. If we are unable to meet end-user or customer volume or performance expectations, then our business prospects may be adversely affected. In addition, given the uncertainties of the specific timing of our new customer deployments, we cannot be assured that we will have appropriate inventory and capacity levels or that we will not experience inventory shortfalls or overages in the future. We seek to mitigate those risks by being deeply embedded in our customers' design cycle, working with our chip partners **this may result in downward pressure on pricing long lead time components, managing our..... supply chain. In addition, an** and outbreak of infectious disease could adversely affect some of the market verticals that we participate in as well as the general economies and financial markets of many countries, including those in which we operate, negatively impact supply and demand for our products and services, and result in delayed sales and extended payment cycles for our products and services. Further, a recession, depression, excessive inflation or other sustained adverse market events resulting from the outbreak of infectious diseases that may occur, could materially and adversely affect our business and that of our customers or potential customers. We are unable to accurately fully predict the effect of any such health concerns on our business, which could be affected by other factors we are not currently able to predict, including the success of actions taken to contain or treat future outbreaks of infectious diseases and reactions by consumers, companies, governmental entities and capital markets. Our business could be adversely affected by reductions or delays in the purchase of our products or services for government security programs in the United States and globally. We derive a substantial portion of our revenues from indirect sales to U. S. federal, state and local governments and government agencies, as well as from subcontracts under federal government prime contracts. Large government programs are an important market for our business, as high-security systems employing physical access, smart card, RFID or other access control technologies are increasingly used to enable applications ranging from authorizing building and network access for federal employees to paying taxes online, to citizen identification, to receiving health care. We believe that the success and growth of our business will continue to be influenced by our successful procurement of government business either directly or through our indirect sales channels. Accordingly, changes in government purchasing policies or government budgetary constraints, including government shutdowns, could directly affect our financial performance. Sales to government agencies and customers primarily serving the U. S. government, including further sales pursuant to existing contracts, may be adversely affected by factors outside our control, such as, federal government shutdowns or other Congressional actions to reduce federal spending, and by adverse economic, political or market conditions. A reduction in current or future anticipated sales to the U. S. government sector could harm our results of operations. Additionally, we anticipate that an increasingly significant portion of our future revenues will come from government programs outside the U. S., such as electronic national identity, eGovernment and eHealth programs. We currently supply smart card readers, RFID products and credential provisioning and management solutions for various government programs in Europe, Asia and Australia and are actively targeting additional programs in these and other geographic areas. However, the allocation and availability of funding for such programs are often impacted by economic or political factors over which we have no control, and which may cause delays in program implementation, which could negatively impact our sales and results of operations. Our U. S. government business depends upon the continuance of regulations that require federal agencies to implement security systems such as ours, and upon our ability to receive certain government approvals or certifications and demonstrate compliance in government audits or investigations. A failure to receive these government approvals or certifications or a negative audit

result could result in a material adverse impact on our business, financial condition and results of operations. While we are not able to quantify the amount of sales made to end customers in the U. S. government market due to the indirect nature of our selling process, we believe that orders from U. S. government agencies represent a significant portion of our revenues. The U. S. government, suppliers to the U. S. government and certain industries in the public sector currently fall, or may in the future fall, under regulations that require federal agencies to implement security systems that utilize physical and logical access control products and solutions such as ours. These regulations include, but are not limited to, HSPD-12 and FIPS 201 produced by the National Institute of Standards and Technology (“NIST”). Discontinuance of, changes in, or lack of adoption of laws or regulations pertaining to security related to sales to end customers in the U. S. government market could adversely affect our sales. Our U. S. government business is also dependent upon the receipt of certain governmental approvals or certifications and failure to receive such approvals or certifications could have a material adverse effect on our sales in those market segments for which such approvals or certifications are customary or required. Government agencies in the U. S. and other countries may audit our business as part of their routine audits and investigations of government procurement programs. Based on the outcome of any such audit, if any of our costs are found to be improperly allocated to a specific order, those costs may not be reimbursed, and any costs already reimbursed for such order may have to be refunded. If a government agency audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions. A negative audit could materially affect our competitive position and result in a material adverse impact on our business, financial condition and results of operations. Our revenues may decline if we cannot compete successfully in an intensely competitive market. We target our products at the rapidly evolving market for security technologies. Many of our current and potential competitors have significantly greater financial, technical, marketing, purchasing and other resources than we do. As a result, our competitors may be able to respond more quickly to new or emerging technologies or standards and to changes in customer requirements. Our competitors may also be able to devote greater resources to the development, promotion and sale of products or solutions and may be able to deliver competitive products or solutions at a lower end user price. We also experience indirect competition from certain of our customers who currently offer alternative products or solutions or are expected to introduce competitive offerings in the future. For example, in our Premises business, many of our dealer channel partners act as system integrators, providing installation and service, and therefore carry competitive lines of products and systems. This is a common practice within the industry as the integrators need access to multiple lines in order to support all potential service and user requirements. Depending on the technical competence of their sales forces, the comfort level of their technical staff with our systems and price pressures from customers, these integrators may choose to offer a competitor’s product. There is also business pressure to provide some level of sales to all vendors to maintain access to a range of products and systems. We believe that the principal competitive factors affecting the markets for our products and solutions include: • the extent to which products and systems must support evolving industry standards and provide interoperability; • the extent to which products are differentiated based on technical features, quality and reliability, ease of use, strength of distribution channels and price; • the ability to quickly develop new products and solutions to satisfy new market and customer requirements; and • the total cost of ownership including installation, maintenance and expansion capability of systems. Increased competition and increased market volatility in our industry could result in lower prices, reduced margins or the failure of our product and service offerings to achieve or maintain market acceptance, any each of which could have a serious adverse impact on our business, financial condition and results of operations. Our percentage of revenue and customer..... or write- offs of excess inventory. Our success depends largely on the continued service and availability of key personnel. Our future success depends on our ability to continue to attract, retain, and motivate our senior management as well as qualified sales and technical personnel, particularly software engineers in the RFID industry. Competition for these employees is intense and many of our competitors may have greater name recognition and significantly greater financial resources to better compete for these employees. We have in the past, and may in the future, experience the loss of employees to our competitors. If we are unable to retain our existing personnel, or attract and train retain additional qualified personnel, our growth may be limited. Our key employees are employed on an “at will” basis, meaning either we or the employee may terminate their employment with us at any time. The loss of or inability to hire or replace key technical employees could slow our product development processes and sales efforts or harm our reputation. The loss of key sales personnel puts us at risk of losing customers that may choose to follow the sales person to the new company. Also, if our stock price declines, as it has recently, it may result in difficulty attracting and retaining personnel as equity incentives generally comprise a significant portion of our employee compensation. Failure to expand our business to penetrate new markets and scale successfully within those markets may negatively impact our revenues and financial condition. Our growth strategy depends in part on our ability to penetrate emerging markets, such as the medical device market, and scale successfully within those markets. The medical device market and other new markets present distinct and substantial challenges and risks and will likely require us to develop new customized solutions to address the particular requirements of that market. Additionally, these new market opportunities may be outside the scope of our proven expertise or in areas which have unproven market demand, and the utility and value of new products developed by us may not be accepted in the markets served by the new products. Our inability to gain market acceptance of new products could prevent us from scaling successfully within new markets and may harm our future operating results. Our future success also depends on our ability to manufacture new products to meet customer demand in a timely and cost-effective manner. Difficulties or delays in replacing existing products with new products we introduce or in manufacturing improved or new products in sufficient quantities to meet customer demand could diminish future demand for our products and harm our future operating results. In addition, if the medical device market and other new market opportunities for our current and future products are smaller than estimated or do not develop as we expect, our growth may be limited and our business, financial condition and results of operations could be adversely affected. Even if the medical device market and other emerging markets develop as expected, we may not be able to achieve the high

gross margins associated with such markets, or, if we do achieve such gross margins, we may not be able to sustain them. Uncertainty regarding the use of proceeds from the Asset Sale and our future operations may negatively impact the value of our common stock. On September 6, 2024, the Company completed the sale of its physical security, access card, and identity reader operations and assets, including all outstanding shares of Identiv Private Limited, its wholly-owned subsidiary (the “Physical Security Business”) to Hawk Acquisition, Inc., a Delaware corporation (“Buyer”) and a wholly-owned subsidiary of Vitaprotech SAS, a French société par actions simplifiée and provider of security solutions, and Buyer assumed certain of the Company’s liabilities related to the Physical Security Business (collectively, the “Asset Sale”) pursuant to that certain Stock and Asset Purchase Agreement, dated as of April 2, 2024 (the “Purchase Agreement”), by and between the Company and Buyer. As consideration for the Asset Sale, the Company received approximately \$ 143.9 million in cash. Our board of directors has discretion regarding the use of proceeds from the Asset Sale and plans to use a portion of the net proceeds to pursue growth opportunities for our business. It has also approved a \$ 10 million stock repurchase program. Our board may also use the funds to repurchase our capital stock pursuant to our Stock Repurchase Program (as defined below); for working capital and other general corporate purposes, which may include sales and marketing activities, research and development, general and administrative matters and capital expenditures; to invest in or acquire complementary businesses, products, services, technologies or assets; or to otherwise execute our growth strategy. Uncertainty regarding the use of proceeds from the Asset Sale may negatively impact the value of our common stock. While our board of directors has approved the Stock Repurchase Program, we cannot guarantee that the program will be fully completed. The program does not obligate us to repurchase any specific dollar amount or number of shares of our common stock. Additionally, it may be suspended or terminated at any time at our discretion. We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from the Asset Sale in a manner that does not produce income or that loses value, or in a manner that stockholders do not agree with. For example, repurchases pursuant to our Stock Repurchase Program could affect the trading price of our stock, increase volatility and reduce the market liquidity for our common stock. Further, restructurings any repurchases will reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and reductions other general corporate purposes. If we do not invest or apply the net proceeds from the Asset Sale in free ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline. We cannot provide any assurances that we will realize the intended benefits of the Asset Sale. We cannot provide any assurances that we will realize the intended benefits of the Asset Sale. We expect to continue to focus our resources, capital, and management attention towards expanding our IoT Business. However, we may not be able to realize our goals for the IoT Business. In addition, we have recently and will continue to experience a significant decrease in revenue as a result of the sale of the Physical Security Business. Any failure to realize the intended benefits of the Asset Sale could have a material adverse impact on our future operating results and financial condition and could materially and adversely affect our stock price or trading volume. To the extent we pursue acquisitions, strategic alliances, or investments in other businesses, products, services, technologies or assets, we could experience operating difficulties and other consequences that may harm our business, financial condition, and operating results, and we may not be able to successfully consummate favorable transactions or successfully integrate such acquisitions. To increase business, maintain competitive position, or for other business or strategic reasons, we may pursue growth opportunities, including potentially investing in opportunities such as acquisitions of complementary businesses, products, services, technologies or assets. We may also pursue strategic alliances that leverage our core technology and industry experience to expand our offerings or make investments in other companies or technologies. The identification of suitable acquisition candidates is difficult, and we may not be able to complete acquisitions on favorable terms, if at all. With respect to any future acquisitions, we may not be able to integrate such acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any acquisitions by us also could result in significant write-offs or the incurrence of debt and contingent liabilities, any of which could harm our operating results. Furthermore, the loss of customers, partners or suppliers following the completion of any acquisition could harm our business. Changes in services, sources of revenue, and branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers, resulting in an adverse impact on our financial results, financial condition and stock price. Integration of an acquired company or business also may require management’s time and resources that otherwise would be available for ongoing development of our existing business. We may also need to divert cash from other uses, or issue equity securities in order to fund these integration activities and these new businesses. If the stock price of our common stock is low or volatile, we may not be able to acquire other companies for stock. In addition, our stockholders may experience substantial dilution as a result of additional securities we may issue for acquisitions. Open market sales of substantial amounts of our common stock issued to stockholders of companies we acquire could also depress our stock price. Ultimately, we may not realize the anticipated benefits of any acquisition, strategic alliance, or investment, or these benefits may take longer to realize than we expected. The occurrence of any of these risks could harm our business, results of operations, and financial condition. Changes in management following the Asset Sale may adversely affect our business. We have experienced changes may have a negative effect on employee morale and the ability to attract and retain qualified personnel. We may be required to settle in cash management following the closing of the Asset Sale, including a new conditional restricted stock unit grant to our Chief Executive Officer upon the consummation of a Corporate Event. In October connection with these changes in management and the sale of our Physical Security Business, there have been and will continue to be changes to our operations and our key strategies and tactical initiatives related to our business over time. If we do not successfully implement and adapt to these changes, we may be

unable to successfully execute our long-term business development plans, which could adversely affect our financial condition and results of operations. Further, our future performance will depend, in part, on the successful transition of our workforce to our new operating and organizational structure, and our inability to successfully manage these transitions could be viewed negatively by our customers, employees, investors and other third-party partners, and could have an adverse impact on our business and results of operations. The separation of the Physical Security Business following the Asset Sale may significantly disrupt our operations. The separation of the Physical Security Business from our operations and financial reporting and corporate functions has required us to reconfigure our system processes, transactions, data and controls. This transition has required significant management attention, capital and personnel resources, and the coordination of our system providers and internal business teams. We may experience difficulties, including delays and higher than anticipated costs related to capital and personnel resources, as we continue to manage these changes, including loss or corruption of data, delays in finalizing our financial records for each accounting period and related delays in completion of our financial reporting, unanticipated expenses, and lost revenue. In addition, any delays in finalizing our records could result in our failure to timely file our periodic reports with the SEC, which could limit our access to the public markets to raise debt or equity capital, restrict our ability to issue equity securities, and result in the delisting of our common stock and / or regulatory sanctions from the SEC or The Nasdaq Stock Market LLC ("Nasdaq"), any of which could have a material adverse impact on our operations. Difficulties in continuing to implement the separation of the Physical Security Business could disrupt our operations, divert management's attention from key strategic initiatives and have an adverse effect on our results of operations, financial condition and cash flows. Adverse global and regional economic conditions have and may continue to materially adversely affect our business, results of operations and financial condition. We conduct operations internationally with sales in the Americas, Europe and the Middle East, and Asia-Pacific regions. Our manufacturing operations and third-party contract manufacturers are located in China, Singapore, and Thailand / Southeast Asia. We also purchase certain products and key components from a limited number of sources that depend on the supply chain, including freight, to receive components, transport finished goods and deliver our products across the world. As a result, adverse global and regional economic conditions may materially adversely affect our business, results of operations and financial condition. Such conditions, including but not limited to inflation, tariffs, sanctions or other trade restrictions, slower growth or recession, higher interest rates and currency fluctuations, and other conditions that may impact consumer confidence and spending may adversely affect demand for our products. During fiscal years 2024 and 2023, we were impacted by adverse macroeconomic conditions including but not limited to inflation, foreign currency fluctuations, and the slowdown of economic activity around the globe. Adverse conditions included experiencing delays and reductions in customer orders, shifting supply chain availability and component shortages. Global economic conditions have also impacted our suppliers, contract manufacturers, logistics providers, and distributors, causing increases in cost of materials and higher shipping and transportation rates, which then impacted the pricing of our products. Price increases may not successfully offset cost increases our or board may cause us to lose market share and, in turn, may adversely impact our operations. A material disruption or loss at any of our manufacturing facilities could materially adversely affect our business, results of operations and financial condition. We maintain manufacturing facilities in Singapore and Thailand. If any or a portion of our facilities were to suffer a disruption, shutdown or catastrophic loss due to fire, flood, earthquake, terrorism or other natural or man-made disasters, including manufacturing challenges such as equipment or IT failure, or if one of our facilities is found not to be in compliance with regulatory requirements, we may not be able to timely supply our customers. Thailand, for example, is a region with a known, and recent, history of flooding. Interruptions to production could disrupt our operations, harm our reputation, delay production and shipments, delay or reduce sales and revenue and adversely affect our ability to attract or retain our customers. In addition, any interruption in production capability could require us to make substantial capital expenditures. The disruption or loss of production in one or both of our manufacturing facilities for more than a short period of time could have a material adverse effect on our liquidity, financial position and results of operations. Any losses due to these events may not be covered by our existing insurance policies or may be subject to deductibles. We depend on a number of suppliers and contract manufacturers for the production of our products and components making us potentially vulnerable to supply disruption. Our reliance on suppliers and contract manufacturers for the production of our products and components has and may continue to result in product delivery problems and delays. We may suffer a disruption if the supply of components causes us to be unable to purchase sufficient components on a timely basis. For example, the global semiconductor shortage that impacted the pricing of our products. Price increases may not successfully offset cost increases or may cause us to lose market share and, in turn, may adversely impact our operations. We depend on a number of suppliers and contract manufacturers for the production of our products and components making us potentially vulnerable to supply disruption. Our reliance on suppliers and contract manufacturers for the production of our products and hardware components has and may continue to result in product delivery problems and delays. We may suffer a disruption if the supply of components causes us to be unable to purchase sufficient components on a timely basis. For example, the recent global semiconductor shortage that began in 2021 has and may continue to adversely impact our ability to meet product demand in a timely fashion. This shortage may persist for an indefinite period of time and has and may continue to have a negative impact on our revenue and operating results. Low inventory levels can affect our ability to meet customer demand, lengthen lead times and potentially cause us to miss opportunities, lose market share and / or damage customer relationships, also adversely affecting our business. Although we have taken steps to ensure we have adequate supply for expected customer demand, there can be no assurance that our efforts will be successful. If we are not able to get the necessary

products and components on a timely basis,our business,financial condition and results of operations may be adversely affected.Our financial performance depends on the extent and pace of RFID market adoption and end-user adoption of our RFID products and the timing of new customer deployments.Our financial performance depends on the pace,scope and depth of end-user adoption of our RFID products in multiple industries.If RFID market adoption,and adoption of our products specifically,does not meet our expectations,then our growth prospects and operating results will be adversely affected.If we are unable to meet end-user or customer volume or performance expectations,then our business prospects may be adversely affected.In addition,given the uncertainties of the specific timing of our new customer deployments,we cannot be assured that we will certain employment letter agreement that we will be able to identify, develop, manufacture, market, or support new or enhanced products successfully, if at all, or on a timely, cost effective, or repeatable basis. Our failure to develop and introduce new products successfully on a timely basis and to achieve market acceptance for such products could have a significant adverse impact on our business, financial condition and results of operations. Our business, operations, and reputation may be adversely affected by information technology system failures, breaches, or network disruptions. We may be subject to information technology system failures and network disruptions. Despite implementation of security measures, our systems are vulnerable to damages from computer viruses, computer denial- of- service attacks, worms, and other malicious software programs or other attacks, covert introduction of malware to computers and networks, unauthorized access, including impersonation of unauthorized users, efforts to discover and exploit any security vulnerabilities or securities weaknesses, and other similar disruptions. These types of attacks have increased, in general, as more businesses implement remote working environments. Our business is also subject to break- ins, sabotage, and intentional acts of vandalism by third parties as well as intentional and unintentional acts by employees or other insiders with Mr access privileges . Humphreys dated Customers' network and storage applications may be subject to similar disruptions. It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. Data breaches and any unauthorized access or disclosure of information, employee information, or intellectual property could compromise our intellectual property, trade secrets, and other sensitive business information, any of which could result in legal action against us, exposure of our intellectual property to competitors, damages, fines, and other adverse effects. A data security breach could also lead to public exposure of personal information of employees, customers, and others. Any such theft, loss, or misuse of personal data collected, used, stored, or transferred by us to run our business could result in significantly increased security costs or costs related to defending legal claims. Cyberattacks, such as computer viruses of September 14, 2015 or other forms of cyber terrorism, may disrupt access to our network or storage applications. Such disruptions could result in delays or cancellations of customer orders or delays or interruptions in the production or shipment of products. Data security breaches involving customers could affect their financial condition and ability to continue to purchase our products. In addition, cyberattacks may cause us to incur significant remediation costs, result in product development delays, disrupt key business operations, and divert attention of management and key information technology resources. These incidents could also subject us to liability, expose us to significant expense, and cause significant harm to our reputation and our business. In addition, our technology infrastructure and systems are vulnerable to damage or interruption from natural disasters, power loss, and telecommunications failures. To the extent that any disruption or security breach results in a loss or damage to our technology infrastructure, systems, or data or inappropriate disclosure of confidential information or sensitive or personal information, it could impede the manufacturing and shipping of products, delivery of online services, processing of transactions and reporting of financial results. It could also harm relationships with customers and other third parties and damage our and brand know if the current uncertainties in these geopolitical areas may escalate and reputation result in broad economic and security conditions,which could result in material implications for our business .In addition,we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future .Sales of our products could decline and we could be subject to legal claims for damages if our products are found to have defects. Our Despite our testing efforts,our products may contain defects that are not detected until after the products have been shipped.The discovery of defects or potential defects may result in damage to our reputation,delays in market acceptance of our products and additional expenditures to resolve issues related to the products' implementation.If we are unable to provide a solution to actual or potential product defects that is acceptable to our customers,we may be required to incur substantial costs for product recall,repair and replacement,or costs related to legal or warranty claims made against us.The global nature of our business exposes us to operational ,regulatory,political, and financial risks and our results of operations could be adversely affected if we are unable to manage them effectively the them amendment thereto dated as of October 4 effectively. We market and sell our products and solutions to customers in many countries around the world. To support our global sales , 2023 global sales, customer base and product development activities,we maintain offices and / or business operations in several locations around the world,including the United Kingdom, Germany, Hong Kong,India, Japan,Singapore,Thailand ,Canada, and the U.S.We also maintain manufacturing facilities in Singapore , and Thailand and California and engage contract manufacturers in multiple countries outside the U.S.Managing our global development,sales,administrative and manufacturing operations places a significant burden on our management resources and our financial processes and exposes us to various risks,including:• longer accounts receivable collection cycles;• changes in foreign currency exchange rates;• compliance with and changes in foreign laws and regulatory requirements;• changes in political or economic conditions , and social stability instability ,particularly in emerging markets;• difficulties managing widespread sales and manufacturing operations and related costs;• regulations or restrictions impacting trade,including import and export controls ,economic sanctions,and tariffs ;• natural disasters and outbreaks of disease ;• reduced less effective protection of our intellectual property;and • potentially adverse tax consequences.Any failure to effectively mitigate these risks and effectively manage our global operations could have a material adverse effect on our business,financial condition

or operating results. If current or future export laws limit or otherwise restrict our business, we could be prohibited from shipping our products to certain countries, which could cause our business, financial condition and results of operations to suffer. Some of our products are subject to export controls or other laws restricting the sale of our products under the laws of the U.S., the European Union (as so amended, the "Agreement EU") and, in the other event of (i) a sale of a material business unit at a price and on terms determined by the board of directors to constitute a qualifying transaction or (ii) a Change of Control, as defined in the Agreement (each, a "Corporate Event") prior to October 4, 2027 and subject to Mr. Humphreys' continued employment with the Company (except as provided in the Agreement), we will be available to us or for our products in the future. In some cases, we rely upon the compliance activities of our prime contractors, and we cannot be certain they have taken or will take all measures necessary to comply with applicable export laws. If we or our prime contractor partners cannot obtain required government approvals under applicable regulations to grant Mr. Humphreys 365,000 fully vested restricted stock units (the "Conditional Award") we may not be able to sell our products in certain international jurisdictions. A portion of our revenue is through channel partners, effective and the loss of channel partners could result in decreased revenue. We sell a significant portion of our products and solutions to partners in the channel, such as convertors. Our products are components of immediately prior to solutions that these channel partners then consummate to sell to their end customers. Corporate Event, which will settle for either stock or cash upon the consummation of the Corporate Event in accordance with the Agreement. If Since we do not sell to suffer. Indirect selling arrangements are intended to benefit both us and the channel partner, and may be long- or our products directly to short-term relationships, depending on market conditions, competition in the marketplace and customer, our lack of visibility could result in and an unforeseen other factors. If we are unable to maintain effective indirect sales channels, there could be a reduction in the amount of product we are able to sell, and our revenues could decrease. Some of these channel partners also sell our competitors' products and; if they favor our competitors' products for any reason as part of their solution, in particular for standard specification designs, our sales could decline. We depend upon third-party manufacturers and a limited number of suppliers, and if we experience disruptions in our supply chain or manufacturing, our business may suffer. We rely upon a limited number of suppliers for some key components of our products which exposes us to various risks, including whether or not our suppliers will provide adequate quantities with sufficient quality on a timely basis and the risk that supplier pricing may be higher than anticipated. In addition, some of the basic components used in some of our products, such as semiconductors, may at any time be in great demand. This could result in components not being available to us in a timely manner or at all, particularly if larger companies have ordered significant have sufficient available stock reserved under ordered significant volumes of those components, our or in higher prices being charged for components 2011 Incentive Compensation Plan at the time, we require. Disruption or termination of the supply of components or software used in our products would could delay shipments of our products, which could have a material adverse effect on our business and operating results and could also damage relationships with current and prospective customers. Many of our products are manufactured outside the U. S. by contract manufacturers. Our reliance on these manufacturers poses a number of risks, including lack of control over the manufacturing process and ultimately over the quality and timing of delivery of our products. If any of our contract manufacturers cannot meet our production requirements, we may be required to rely settle a portion or all of the Conditional Award in cash, based on the other fair long lead time components, managing obtain adequate supplies of our products from our current or our alternative manufacturers could materially limited capital equipment needs within a short cycle and adversely affect expanding our facilities to accommodate several scenarios for growth potential. If end users with sizable projects change or delay them, we may experience significant fluctuation in revenue on a quarterly or annual basis, and we anticipate that such uncertainty and fluctuations may continue to characterize our business and operating results. In addition, if we are not successful at managing the contract manufacturing process, the quality of our products could be jeopardized or for inventory levels could be inadequate or excessive, which could result in damage to our reputation with our customers and in the foreseeable future marketplace, as well as possible shortages of products or write-offs of excess inventory. The impact of health epidemics, pandemics and other outbreaks of infectious disease, such as the global pandemic caused by COVID- 19, could negatively impact our operations, supply chain and customer base. Our business and operations have and may in the future be adversely affected by health epidemics, pandemics and other outbreaks of infectious disease, such as the global COVID- 19 pandemic health emergency that officially ended in 2023. The recent COVID- 19 pandemic and efforts to control its spread severely restricted the level of economic activity around the world, which has and may continue to impacted -- impact the timing of demand for our products and services. Our operations and supply chains for certain of our products or services may be negatively impacted by the regional or global outbreak of illnesses, including a resurgence of COVID- 19 variants. Any resulting quarantines, labor shortages or other disruptions to our operations, or those of our suppliers or customers, had have and may continue to adversely impacted -- impact our sales and operating results, including through additional expenses and strain on the business as well as our supply chain. In addition, an outbreak market value of our common stock verticals that we participate in as provided in well as the general economies and financial markets of many countries, including the those Agreement in which we operate, negatively impact supply and demand for our products, and result in delayed sales and extended payment cycles for our products and services. The amount Further, a recession, depression, excessive inflation or other sustained adverse market events resulting from the outbreak of infectious diseases that may occur, could materially and adversely affect our business and that of our customers or potential customers. We are unable to accurately fully predict the effect of any such cash settlement health concerns on our business, which could be affected by material. We cannot assure you that our evaluation of strategic alternatives will result in any outcomes that maximize stockholder value. We previously disclosed that our board of directors initiated an exploration of strategic alternatives for the

~~other~~ Company intended ~~factors we are not currently able to predict~~ maximize stockholder value, and such strategic review is a major focus of our Company. No assurance can be given as to the outcome of the process, including whether the ~~success~~ process will result in a transaction, the timing of any such transaction ~~actions taken to contain~~ or whether any transaction will successfully achieve its intended benefits ~~treat future outbreaks of infectious diseases and reactions by consumers, companies, governmental entities and capital markets~~. Risks Related to Our Financial Results - ~~Liquidity and Need for Additional Capital~~ Our revenue and operating results are subject to significant fluctuations and such fluctuations may lead to a reduced market price for our stock. Our revenue and operating results have varied in the past and will likely continue to fluctuate in the future. We believe that period- to- period comparisons of our operating results are not necessarily meaningful, but securities analysts and investors often rely upon these comparisons as indicators of future performance. If our operating results in any future period fall below the expectations of securities analysts and investors, or the guidance that we provide, the market price of our stock would likely decline. Factors that have caused our results to fluctuate in the past and which are likely to affect us in the future include the following: • business and economic conditions overall and in our markets; • the timing and size of customer orders, including orders that may be tied to annual or other budgetary cycles, seasonal demand, product plans or program roll- out schedules; • the ~~effects of U. S. government shutdowns, spending cuts and other changes in budget allocation or availability that create uncertainty for customers in certain parts of our business;~~ • the absence of significant backlog in our business; • cancellations or delays of customer orders or the loss of a significant customer; • the length of sales cycles associated with our product or service offerings; • variations in the mix of products ~~and services~~ we sell; • reductions in the average selling prices that we are able to charge due to competition, new product introductions or other factors; • the impact of increasing freight and logistics costs; • our ability to obtain an adequate supply of quality components and to deliver our products on a timely basis; • our inventory levels and the inventory levels of our customers ~~and indirect sales channels~~; • the extent to which we invest in ~~research and~~ development, sales and marketing, and other expense categories; • acquisitions, dispositions or organizational restructuring; • fluctuations in the value of foreign currencies against the U. S. dollar; • the cost or impact of litigation; and • the write- off of trade receivables and investments. Estimating the amount and mix of future revenues is difficult, and our failure to do so accurately could affect our ability to be profitable or reduce the market price for our stock. Accurately estimating future revenues is difficult because the purchasing patterns of our customers can vary depending upon a number of factors ~~. We sell our smart card readers primarily through a channel of distributors who place orders on an ongoing basis depending on their customers' requirements. As a result, the size and timing of these orders can vary from quarter to quarter.~~ Market demand for RFID and NFC technology is resulting in larger program deployments of these products and components, as well as increasing competition for these solutions. Across our business, the timing of closing larger orders increases the risk of quarter- to- quarter fluctuation in revenues. If orders forecasted for a specific group of customers for a particular quarter are not realized or revenues are not otherwise recognized in that quarter, our operating results for that quarter could be materially adversely affected. In addition, from time to time, we may experience an unexpected increase or decrease in demand for our products resulting from fluctuations in our customers' budgets, purchasing patterns or deployment schedules. These occurrences are not always predictable and ~~can have had, and may continue to~~ have a significant impact on our results in the period in which they occur. Failure to accurately forecast customer demand may result in excess or obsolete inventory, which if written down might adversely impact our cost of revenues and financial condition. In addition, our expense levels are based, in significant part, upon our expectations as to future revenues and are largely fixed in the short term. We may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall in revenues. Any significant shortfall in revenues in relation to our expectations could have an immediate and significant effect on our operating results for that quarter and may lead to a reduced market price for our stock. ~~If we are not able to secure additional capital when needed, our business could be adversely affected. We may seek or need to raise additional funds for capacity expansion, general corporate and commercial purposes or for acquisitions. Our ability to obtain financing depends on our historical and expected future operating and financial performance, and is also subject to prevailing economic conditions and to financial, business and other factors beyond our control. If we are unable to secure additional financing when desired, our ability to fund our business operations, make capital expenditures, pursue additional expansion or acquisition opportunities, or have resources available to capitalize on other opportunities could be limited, and this could adversely impact our financial results. There can be no assurance that additional capital will be available to us on favorable terms or at all. The sale of additional debt or equity securities may cause dilution to existing stockholders. Any debt or equity securities issued may also provide for rights, preferences or privileges senior to those of our common stock and could impose significant restrictions on our operations.~~ Fluctuations in foreign exchange rates between the U. S. dollar and other major currencies in which we do business may adversely affect our business, financial condition and results of operations. A significant portion of our business is conducted in foreign currencies, principally the ~~euro~~ Euro, Indian Rupee and Thai Baht. Fluctuations in the value of foreign currencies relative to the U. S. dollar will result in currency exchange gains and losses in our reported results. If a significant portion of operating expenses are incurred in a foreign currency such as the ~~euro~~ Euro, Indian Rupee or Thai Baht, and revenues are generated in U. S. dollars, exchange rate fluctuations might have a positive or negative net financial impact on these transactions, depending on whether the value of the U. S. dollar decreases or increases compared to that currency. In addition, the valuation of current assets and liabilities that are denominated in a currency other than the functional currency can result in currency exchange gains and losses. For example, when one of our subsidiaries uses the euro as the functional currency, and this subsidiary has a receivable in U. S. dollars, a devaluation of the U. S. dollar against the euro of 10 % would result in a foreign exchange loss to the reporting entity of 10 % of the value of the underlying U. S. dollar receivable. We cannot predict the effect of exchange rate fluctuations upon future operating results. The effect of currency exchange rate changes may increase or decrease our costs and / or revenues in any given period, and we may experience currency losses in the future. To date, we have not adopted a hedging program to protect against the risks associated with foreign currency fluctuations. Risks Related to Our Intellectual Property ~~, and Litigation~~ We

may not be able to protect our intellectual property rights, which could make us less competitive and cause us to lose market share. Our future success will depend, in part, upon our intellectual property rights and our ability to protect these rights. We rely on a combination of patent, copyright, trademark and trade secret laws, nondisclosure agreements and other contractual provisions to establish, maintain and protect our proprietary rights. From time to time, we may be required to use litigation to protect our proprietary technology. As a result, we may incur substantial costs and we may not be successful in any such litigation. Despite our efforts to protect our proprietary rights, unauthorized third parties may copy aspects of our products, obtain and use information that we regard as proprietary, or infringe upon our patents. In addition, the laws of some foreign countries do not protect proprietary and intellectual property rights to the same extent as do the laws in the U. S. Because many of our products are sold and a significant portion of our business is conducted outside the U. S., our exposure to intellectual property risks may be higher. Our efforts to protect our proprietary and intellectual property rights may not be adequate. Additionally, there is a risk that our competitors will independently develop similar technology or duplicate our products or design around patents or other intellectual property rights. If we are unsuccessful in protecting our intellectual property or our products or technologies are duplicated by others, our competitive position could be harmed and we could lose market share. As an example, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, a new unitary patent system took effect June 1, 2023 which will significantly impact European patents, including those granted before the introduction of such a system. Under the unitary patent system, European applications have the option, upon grant of a patent, of becoming a Unitary Patent which will be subject to the jurisdiction of the Unitary Patent Court ("UPC"). As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation. Patents granted before the implementation of the UPC will have the option of opting out of the jurisdiction of the UPC and remaining as national patents in the UPC countries. Patents that remain under the jurisdiction of the UPC will be potentially vulnerable to a single UPC- based revocation challenge that, if successful, could invalidate the patent in all countries who are signatories to the UPC. We cannot predict with certainty the long- term effects of the unitary patent system and any potential changes. We face risks from claims of third parties and litigation, which could have an adverse effect on our results of operations. We have received, and may in the future receive, notices of claims of infringement and misappropriation or misuse of other parties' proprietary rights. From time to time, we are subject to claims of third parties, possibly resulting in litigation, which could include, among other things, claims regarding infringement of the intellectual property rights of third parties, product defects, employment- related claims, and claims related to acquisitions, dispositions or restructurings. We cannot assure you that we will prevail in such actions, or that other actions alleging misappropriation or misuse by us of third- party trade secrets, alleging infringement by us of third- party patents and trademarks or challenging the validity of our patents, will not be asserted or prosecuted against us. Addressing any such claims or litigation may be time- consuming and costly, divert management resources, cause product shipment delays, require us to redesign our products, require us to accept returns of products and to write- off inventory, or result in other adverse effects to our business. Any of the foregoing could have a material adverse effect on our results of operations and could require us to pay significant monetary damages. We expect the likelihood of intellectual property infringement and misappropriation claims may increase as the number of products and competitors in the security-RFID market grows and as we increasingly incorporate third- party technology into our products. As a result of infringement claims, we could be required to license intellectual property from a third party or redesign our products. Licenses may not be offered when required or on acceptable terms. If we do obtain licenses from third parties, we may be required to pay license fees or royalties or we may be required to license some of our intellectual property to others in return for such licenses. If we are unable to obtain a license necessary for us or our third- party manufacturers to manufacture our allegedly infringing products, we could be required to suspend the manufacture of products or stop our suppliers from using processes that may infringe the rights of third parties. We may also be unsuccessful in redesigning our products. Our suppliers and customers may be subject to infringement claims based on intellectual property included in our products. We have historically agreed to indemnify our suppliers and customers for patent infringement claims relating to our products. The scope of this indemnity varies, but may, in some instances, include indemnification for damages and expenses, including attorney' s fees. We may periodically engage in litigation as a result of these indemnification obligations. Our insurance policies exclude coverage for third- party claims for patent infringement. ~~We have in the past been named as a defendant in putative securities class action and derivative lawsuits. Securities class action lawsuits have often been brought against a company following periods of volatility in the market price of its securities. Companies such as ours in the technology industry are particularly vulnerable to this kind of litigation due to the volatility of their stock prices. We have in the past been named as a defendant in putative securities class action and derivative lawsuits and may again be so named in the future. Any litigation to which we were a party has and may in the future result in the diversion of management attention and resources from our business and business strategy. In addition, any litigation to which we may become a party to may result in onerous or unfavorable judgments that may not be reversed upon appeal and that may require us to pay substantial monetary damages or fines, or we may decide to settle lawsuits on similarly unfavorable terms, which could have a material adverse effect our business, financial condition or results of operations.~~

Risks Relating to Our Financial Reporting and Disclosure Any failure to maintain an effective system of disclosure and internal controls over financial reporting, or our ability to produce timely and accurate financial statements, could adversely affect investor confidence in us. As a public company, we must maintain effective disclosure controls and procedures and internal control over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we identify one or more material weaknesses in our internal controls, our management will be unable to conclude that our internal control over financial reporting is effective. ~~Our~~ **In the event our** independent registered public accounting firm is required to issue an attestation report on the effectiveness of our internal control over financial reporting ~~, every fiscal year. Even even~~ if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are

documented, designed, implemented or reviewed. Any failure to implement and maintain effective disclosure controls and procedures and internal control over financial reporting, including identifying material weaknesses, could cause investors to lose confidence in the accuracy and completeness of our financial statements and reports, which could adversely affect the market price of our common stock. We could also be subject to sanctions or investigations by ~~The Nasdaq Stock Market~~, the SEC and other regulatory authorities. We incur significant ~~increased~~ expenses and administrative burdens as a public company, which could have an adverse effect on our business, financial condition and results of operations. We incur significant legal, accounting, administrative and other costs and expenses as a public company. The Sarbanes- Oxley Act of 2002, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the Public Company Accounting Oversight Board and the securities exchanges, impose additional reporting and other obligations on public companies. Our management and other personnel need to devote a substantial amount of time to these compliance and disclosure obligations. If these requirements divert the attention of our management and personnel from other aspects of our business, they could have a material adverse effect on our business, financial condition and results of operations. Moreover, these rules and regulations applicable to public companies substantially increase our legal, accounting and financial compliance costs, require that we hire additional personnel and make some activities more time- consuming and costly. It may also be more expensive for us to obtain director and officer liability insurance. **Because our revenue has and will continue to be significantly reduced as a result of the divestiture of the Physical Security Business, these expenses will represent a larger percentage of our revenue and will have a negative effect on our profitability. If we are unable to generate sufficient revenue, these increased expenses as a percentage of our revenue may have an adverse effect on our business, financial condition and results of operations.**

General Risk Factors Our stock price has been and is likely to remain volatile. Over the past several years, The Nasdaq Capital Market has experienced significant price and volume fluctuations that have particularly affected the market prices of the stocks of technology companies. Volatility in our stock price may result from a number of factors, some of which are beyond our control, including, among others: • **low volumes of fluctuations in the trading activity in volume of our shares or stock the size of our public float**; • technical trading patterns of our stock; • variations in our or our competitors' financial and / or operational results; • **the fluctuation fluctuations** in market value of comparable companies in any of our markets; • **announcements of expected or announced news-- new about offerings, products, strategic partner relationships, acquisitions**, customer wins or losses, **product announcements or organizational changes, or other events by us or our competitors**; • comments and forecasts by securities analysts; • litigation developments; • **departures of key employees; regulatory developments in the U. S., foreign countries, or both**; • global developments, including war, acts of terrorism, ~~contagions such as COVID-19~~ **natural disasters, public health crises**, and other such events; and • general ~~market downturns~~ **economic conditions and trends**. In addition, the stock market has experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political, regulatory and market conditions, may negatively affect the market price of our common stock, regardless of our actual operating performance. You may experience dilution of your ownership interests due to the future issuance of additional shares of our stock, and future sales of shares of our common stock could adversely affect our stock price. We ~~have issued a significant number of shares of our common stock as well as warrants to purchase shares of our common stock, in connection with a number of financing transactions and acquisitions in the recent years. In the future, from time to time we may issue additional previously authorized and unissued securities, resulting in additional dilution of the ownership interests of our current stockholders. In addition, we have reserved shares of common stock for potential future issuance including stock issuable pursuant to our equity incentive plans and the conversion of our preferred stock. As of March 1, 2024, 1, 202-2025, 748-671, 219 shares of common stock are reserved for future grants and outstanding equity awards under our equity incentive plans and an additional 8, 231-506, 477-556 shares of common stock are reserved for future issuance in connection with other-- the potential issuances, including conversion of our preferred stock. We may issue additional shares of common stock or other securities that are convertible into or exercisable for shares of common stock in connection with the hiring of personnel, future acquisitions, and future financings or for other business purposes. If we issue additional securities, the aggregate percentage ownership of our existing stockholders will be reduced may experience dilution.~~ **may experience dilution.** In addition, any new securities that we issue may have rights senior to those of our common stock. The issuance of additional shares of common stock or preferred stock or other securities, or the perception that such issuances could occur, may create downward pressure on the trading price of our common stock. Provisions in our charter documents and Delaware law may delay or prevent our acquisition by another company, which could decrease the value of your shares. Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us or enter into a material transaction with us without the consent of our board of directors. These provisions include a classified board of directors and limitations on actions by our stockholders by written consent. Delaware law imposes some restrictions on mergers and other business combinations between us and any holder of 15 % or more of our outstanding common stock. In addition, our board of directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. These provisions will apply even if the offer were to be considered adequate by some of our stockholders. Because these provisions may be deemed to discourage a change of control, they may delay or prevent the acquisition of our Company, which could decrease the value of our common stock. 48