Risk Factors Comparison 2024-03-28 to 2023-03-23 Form: 10-K

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The following factors could materially affect our business, financial condition or results of operations and should be carefully considered in evaluating us and our business, in addition to other information presented elsewhere in this report. SUMMARY OF RISK FACTORS Below is a summary of the principal factors that could materially harm our business, operating results and / or financial condition, impair our future prospects or cause the price of our common stock to decline. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below after the summary of risk factors and should be carefully considered, together with other information in this Annual Report ~~on Form 10- K~~ and our other filings with the ~~Securities and Exchange Commission ("~~ SEC ~~")~~ before making an investment decision regarding our common stock. **Risks Related to the Realignment and Consolidation Plan** • ~~.We~~ anticipate incurring additional losses until such time,if ever,we can achieve profitability.Substantial additional financing will be needed to fund our development,marketing and sales activities and generally to commercialize our technology.These factors raise substantial doubt about our ability to continue as a going concern.We will seek to obtain additional capital through the issuance of debt or equity ~~financing~~ **financings** or other arrangements to fund operations;however,there can be no assurance we will be able to raise needed capital under acceptable terms, ~~or~~ **if** at all.The sale of additional equity may dilute existing ~~stockholders~~ **shareholders** and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock.Issued debt securities may contain covenants and limit our ability to pay dividends or make other distributions to ~~stockholders~~ **shareholders** .If we are unable to obtain such additional financing,future operations would need to be scaled back or discontinued.Due to the uncertainty in our ability to raise capital,we believe that there is substantial doubt as to our ability to continue as a going concern **.We** We have a limited operating history, which can make it difficult for investors to evaluate our operations and prospects and may increase the risks associated with investing in us. ~~• We have a history of net losses, and we expect to continue to incur losses for the foreseeable future. If we ever achieve profitability, we may not be able to sustain it. • We expect to continue to incur losses from operations and negative cash flows, which raise substantial doubt about our ability to continue as a going concern. • We will need additional financing to execute our business plan and fund operations, for which additional financing may not be available on reasonable terms or at all. • Our ability to obtain financing, if and when necessary, may be impaired by such factors as the capital markets and our limited operating history. • We may be unable to develop new products, applications, and end markets for our products. • Our research and marketing development activities and investments may not result in profitable, commercially viable or successfully produced and marketed products. • Disruption in supply from our single source supplier of our holographic raw materials may cause a material adverse effect on our Holography- related products. • Impairment of our goodwill or other intangible assets could materially and adversely affect our business, operating results, and financial condition. • We depend on our OEM customers and system integrators to incorporate our products into their systems. • Our revenues may be concentrated in a few customers, and if we lose any of these customers, or these customers do not pay us, our revenues could be materially adversely affected. • Our agreements with various national governments and suppliers to such governments subject us to unique risks. • We are subject to the Foreign Corrupt Practices Act and similar anti- bribery and anti- corruption laws, as well as governmental export and import controls, all of which could subject us to liability or impair our ability to compete in international markets. • We may experience delays in providing sufficient product for future testing of our products due to ongoing supply chain limitations. • Change in laws, regulations or guidelines relating to our business plan and activities could adversely affect our business. • If we are unable to make acquisitions, or successfully integrate them into our business, our results of operations and financial condition could be adversely affected. • The regulatory approval process for our medical products in the United States and other countries around the world is time- consuming and complicated, and we may not obtain the approval required to market a product within the timeline required, or at all. Additionally, we may lose regulatory approval and / or our products may become subject to new and anticipated foreign regulations. • Development of medical devices and related operations are subject to extensive government regulation and oversight both in the United States and abroad, and our failure to comply with applicable requirements could harm our business. • Healthcare policy changes, including recently enacted legislation reforming the U. S. healthcare system, could harm our business, financial condition, and results of operations. • If coverage and reimbursement from third- party payors for procedures using our medical products, if authorized by a regulatory authority, significantly decline, physicians, hospitals, and other healthcare providers may be reluctant to use our products and our sales may decline. • If we or our contractors fail to comply with healthcare and other governmental regulations, we could face substantial fines and penalties and our business, results of operations and financial condition could be adversely affected. • If we fail to obtain and maintain necessary regulatory clearances, approvals, or certifications for our products, or if clearances, approvals or certifications for future products and indications are delayed or not issued, our commercial operations would be harmed. • We are exposed to risks that our employees, consultants, or other commercial partners and business associates may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements. • Compliance with environmental laws and regulations could be expensive, and failure to comply with these laws and regulations could subject us to significant liability. • Our insurance coverage strategy may not be adequate to protect us from all business risks. • The risk of loss of our intellectual property, trade secrets or other sensitive business or customer confidential information or disruption of operations due to cyberattacks or data breaches could negatively impact our financial results. • Cybersecurity breaches and information technology failures could harm our business by increasing our costs and negatively impacting our~~

~~business operations. • Changes in laws or regulations relating to privacy, information security and data protection, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, could adversely affect our business. • We are subject to taxation- related risks in multiple jurisdictions, and the adoption and interpretation of new tax legislation, tax regulations, tax rulings, or exposure to additional tax liabilities could materially affect our business, financial condition and results of operations. • Our ability to use our deferred tax assets to offset future taxable income is subject to certain limitations, which may have a material impact on our business, financial condition or results of operations. Risks Related to our Business~~
We have incurred recurring consolidated net losses since our inception and ~~expects~~ **expect** our operating costs to continue to increase in future periods as we expend substantial financial and other resources on, among other things, business and headcount expansion in operations, sales and marketing, research and development, and administration as a public company. These expenditures may not result in additional revenues or the growth of our business. If we fail to grow revenues or to achieve profitability while our operating costs increase, our business, financial condition, results of operations and growth prospects will be materially, adversely affected. We are expected to be subject to many of the risks common to early- stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future products; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions; and challenges relating to identified material weaknesses in internal control. We have **a history of net losses, and we expect to continue to incur losses for the foreseeable future. If we ever achieve profitability, we may not be able to sustain it. We have** incurred losses from operations since our inception and expect to continue to incur losses from operations for the foreseeable future. We ~~reported~~ **have incurred** net losses of $ **398. 2 million, including $ 282. 2 million of goodwill impairment and $ 65. 6 million of non- cash impairment loss on long- term assets, and $** 79. 1 million ~~and $ 91. 0 million~~ for the ~~years~~ **twelve months** ended December 31, **2023 and** 2022 ~~and 2021~~, respectively. As a result of these losses, as of December 31, ~~2022~~ **2023**, we had an accumulated deficit of $ ~~207~~ **609**. ~~5~~ **0** million. ~~We expect to continue to incur significant~~ **Despite the reduction in our general and administrative,** sales and marketing, research and development ~~, regulatory and other~~ expenses ~~as we grow our business. In addition, we expect our general and administrative expenses to increase~~ due to the **implementation of the Realignment and Consolidation Plan, our** ~~additional costs associated with being a public company. The~~ net losses ~~that we incur~~ may fluctuate significantly from period to period. We will need to generate significant additional revenue in order to achieve and sustain profitability. Even if we achieve profitability, we cannot be sure that we will remain profitable for any substantial period of time. We anticipate incurring additional losses until such time..... continue as a going concern. We will need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all. We will need to raise additional capital to expand the commercialization of our products, fund our operations and further our research and development activities. We will pursue sources of additional capital through various financing transactions or arrangements, including the sale / leaseback of certain properties, joint venturing of projects, debt financing, equity financing, or other means. We may not be successful in identifying suitable financing transactions in the time period required or at all, and we may not obtain the capital we require by other means. ~~Any~~ **In addition, any** additional capital raised through the sale of equity may dilute the ownership percentage of our stockholders. Raising any such capital could also result in a decrease in the fair market value of our equity securities because our assets would be owned by a larger pool of outstanding equity. The terms of securities we issue in future capital transactions may be more favorable to our new investors, and may include preferences, superior voting rights and the issuance of other derivative securities, and ~~issuances~~ **issuance** of incentive awards under equity employee incentive plans, which may have a further dilutive effect. ~~In~~ **As of March 20, 2024, our closing stock price is $ 1. 97, with a market capitalization of $ 13. 2 million. This situation notably constrains our ability to attractively raise funds through equity. The low share price and market cap may limit our appeal to investors and restrict our capacity to raise significant capital through the sale of equity without substantial** ~~addition~~ -- **dilution to our existing stockholders. Further**, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non- cash expenses in connection with certain securities we may issue, which may adversely impact our financial condition. **Since inception, our cash requirements have been met primarily from the proceeds derived from the sale of our securities. As of the date of this report, we have issued substantially all of our unreserved authorized shares of common stock. We are scheduled to hold a Special Meeting of Stockholders on April 15, 2024, to seek stockholder approval for an increase in our authorized shares of common stock. If the stockholders do not approve such proposal at the Special Meeting, we will not have sufficient shares of common stock authorized available and unreserved, which would adversely impact our ability to pursue opportunities in which shares of our common stock could be issued that our board may determine would otherwise be in the best interest of the Company and our stockholders, including financing and strategic transaction opportunities. Failure to obtain financing through the issuance of our securities, including our common stock, may cause us to be unable to continue our operations or execute our business plans. We may need to raise funds through debt financing in the future, which may require a significant amount of cash to pay interest or repay principal, and we may not have sufficient cash flow from our business to pay our indebtedness. We may choose to raise additional funds in debt financing if it is available to us on terms we believe reasonable to increase our working capital, strengthen our financial position or to make acquisitions. Our ability to refinance any future 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. Our ability**

to make scheduled payments of principal of future debt, to pay interest on or to refinance our indebtedness, 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** ~~maintain effective disclosure controls and procedures~~ , **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. In addition, future indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could: make us more vulnerable to adverse changes in general U. S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation; limit our flexibility in planning for, or reacting to, changes in** our business **and industry; place us at a disadvantage compared to our competitors who have less debt; and limit our ability to borrow additional amounts to fund acquisitions** , **for working capital, and for other general corporate purposes. Any of these factors could harm our business, results of operations, and** financial **condition. In addition, if we incur additional indebtedness, the risks related to our business and its ability to service or repay its indebtedness would increase. When we hired the employees involved with our Vlepsis business, we agreed to share 50 % of the profits, if any, from our Vlepsis business with the Vlepsis employees, thus our investment in the Vlepsis business will take longer to recoup. This may materially impact our profits from the Vlepsis business and impact the rate of return on our investment in the Vlepsis business. When we hired the Vlepsis team in March 2022, we adopted the Vlepsis Business Profit Sharing Plan whereby at March 29th from 2023 to 2029, we are to calculate the profits from the Vlepsis business and then share 50 % of such profits, if any, with certain of the Vlepsis employees. We have not yet had any profits from this business, but if we ever do, then this obligation to share such profits will impact our return on investment in VLEPSIS ® technology and require more time to recoup our expenses and show a return. This may materially impact our ability to show an overall profit for the Company or delay overall profitability of the Company, and your investment in the Company may be impacted. Given the nature of the markets in which we participate, as well as macroeconomic uncertainties, we cannot reliably predict future revenues and profitability and unexpected changes may cause us to adjust our operations. Large portions of our costs are fixed, due in part to our significant sales, research and development and manufacturing costs. Thus, small declines in revenues could seriously negatively affect our operating results in any given quarter. Our operating results may fluctuate significantly from quarter- to- quarter and year- to- year. Some of the factors that may affect our quarterly and annual results are: changes in business and economic conditions, including a downturn in demand or decrease in the rate of growth in demand, whether in the global economy, a regional economy or the industries we address; changes in market conditions, potentially including changes in the credit markets, currency exchange rates, expectations for inflation or energy prices; the reduction, rescheduling or cancellation of orders by customers; fluctuations in timing and amount of customer orders; loss of key customers or employees; the availability of production capacity, whether internally or from external suppliers; competitive pressures on selling prices; strategic actions taken by our competitors; market acceptance of our products and the products of our customers; fluctuations in our manufacturing yields and significant yield losses; difficulties in forecasting demand for our products and the planning and managing of inventory levels; the availability of raw materials, supplies and manufacturing services from third parties; the amount and timing of investments in research and development; damage awards or injunctions as the result of litigation; changes in our product distribution channels and the timeliness of receipt of distributor resale information; and the impact of vacation schedules and holidays, largely during the second and third quarters of our fiscal year. As a result of these factors, many of which are difficult to control or predict, we may experience materially adverse fluctuations in our future operating results on a quarterly or annual basis. Changes in demand for our products and in our customers' needs could have a variety of negative effects on our competitive** position and **our financial** results **, and, in certain cases, may reduce our revenues, increase our costs, lower our gross margin percentage or require us to recognize impairments of our assets. We currently rely on revenue from development services and most of our products are in the development stage. Any delay in the development or introduction of our new products could adversely affect our business, financial condition, results** of operations ~~could be adversely affected We~~ **, and cash flows. Most of our revenues** are **currently derived from development activities** ~~subject to the periodic reporting requirements of the Exchange Act~~ . **While** ~~We designed our disclosure controls and procedures to reasonably assure that information~~ we ~~must disclose in reports~~ **strive to develop innovative products available for commercial use,** we ~~file~~ **have not yet achieved mass commercial production or generated substantial revenues from product sales. The success of** ~~or~~ **our** ~~submit under~~ **future products remains uncertain, and** ~~the~~ **there** ~~Exchange Act~~ is ~~accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures,~~ no **guarantee** ~~matter how well- conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has concluded that a material weakness in our internal control over financial reporting exists at December 31, 2022. Management has further concluded that this material weakness resulted in our disclosure controls and procedures not being effective as of December 31, 2022. Please see Item 9A of Part II, Controls and Procedures, for more information about the material weakness~~ that we ~~identified~~ **will be able to bring any products to market that are accepted by our customers. As a result, our financial performance and ability to sustain operations may be materially impacted** . Our future success will depend in part on our ability to generate sales of our products as well as ~~generating~~ **generate** development revenue. Current and potential customers may have substantial investment in, and know- how related to our technologies. Customers may be reluctant to change from incumbent suppliers or cease using their own solutions, or our products may miss the design and procurement cycles of our customers. Many target markets have historically been slow

to adopt new technologies. These markets often require long testing and qualification periods or lengthy government approval processes before admitting new suppliers or adopting new technologies. **The** ~~Introduction~~ **introduction** of new products and product enhancements will require that we effectively transfer production processes from research and development to manufacturing and coordinate efforts with those suppliers to achieve increased production volume rapidly. If we are unable to implement this strategy to develop new applications and end markets for products or develop new products, the business, financial condition, results of operations and growth prospects could be materially adversely affected. In addition, any newly developed or enhanced products may not achieve market acceptance or may be rendered obsolete or less competitive by the introduction of new products by other companies. **For example, we are currently developing VLEPSIS ® technology, a ground- breaking, multiple- gigapixel, turnkey wide area motion imagery system, which tracks and monitors hundreds of objects / locations simultaneously, in stunning detail and resolution. It is set to launch in fiscal 2024. If we are unable to deliver products that meet our customers' expectations, our business, financial condition, results of operations, and cash flows will be adversely affected.** Although we, ourselves and through our investments, are committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and / or products, if any, will be commercially viable or successfully produced and marketed. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the companies in which we have or will invest in, and consequently, on us. **The time from initiation of design to volume production of new products often takes 18 months or longer.** We ~~purchase~~ **first work with customers to achieve a design win, which may take 12 months** ~~our~~ **or** ~~holographic raw materials~~ **longer. Our customers then complete the design, testing and evaluation process and begin to ramp up production, a period that may last an additional nine months or longer. As a result, a significant period of time may elapse between our research and development efforts and our realization of revenues, if any,** from ~~a tier 1 German~~ **volume purchasing of our products by our customers. We may experience delays in providing sufficient product for future testing of our products due to ongoing supply chain limitations. Our contract manufacturing organizations may experience an inability to** ~~manufacturer~~ **manufacture and produce sufficient quantities of our products as we progress through our regulatory testing and / or approval. Should this happen, we may not be able to provide sufficient quantities of our products** , which ~~is a single source supplier~~ **could delay our ability to bring products to market** . **Such a delay would** ~~Disruption in supply from this supplier for any number of factors may~~ cause **us to use more capital than currently planned, which may have** a material adverse effect on our ~~Holography~~ **projected timing of product launches and financials. Changes in the mix of types of products sold may have a substantial impact on our revenues and gross profit margins. In addition, more recently introduced products tend to have higher associated costs because of initial overall development costs and higher start** - ~~related~~ **up costs. Fluctuations in the mix and types of our** products ~~,~~ **may also affect the extent to** which ~~would~~ **we are able to recover our fixed costs and investments that are associated with a particular product or wafer foundry, and, as a result, can** negatively impact our financial **results. Variations in the length of our sales cycles could cause our revenues and cash flows, and consequently, our business, financial** condition ~~and~~ **, operating** results **and cash flows** ~~of operations. Events or changes in circumstances~~ , ~~such as declines in~~ **to fluctuate widely from period to period. This variation could cause** our stock price **to decline. Our customers generally take a long time to evaluate** ~~or~~ **our systems and many people are involved in the evaluation process. We expend significant resources educating and providing information to our prospective customers regarding the uses and benefits of our systems. The length of time it takes for us to make a sale depends upon many factors including, but not limited to: the efforts of our sales force premarketing clearance, approval, or certification; the complexity of the customer' s fabrication processes; the internal technical capabilities and sophistication of the customer; and the customer' s budgetary constraints. Our management is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a - 15 (f). Our internal control over financial reporting is a process designed by and under the supervision of our management, including our Chief Executive Officer, and effected by our management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U. S. generally accepted accounting principles. As previously disclosed, our management, under the supervision and with the participation of our Chief Executive Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022, and, based on this evaluation, concluded that internal control over financial reporting was not effective as of December 31, 2022, due to material weaknesses in internal control over financial reporting. As of December 31, 2023, such material weaknesses had not yet been fully remediated. Remediation efforts place a significant burden on our management and add increased pressure on our financial reporting resources and processes (see " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Part II, Item 9A of this Annual Report for more information regarding such remediation efforts). If we are unable to successfully remediate these material weaknesses in a timely manner, or if any additional material weaknesses in our internal control over disclosure or financial reporting are identified, the accuracy of our financial reporting and our ability to timely file with the SEC may be adversely impacted. In addition, if our remedial efforts are insufficient, or if additional material weaknesses or significant deficiencies in our internal controls occur in the future, we could be required to restate our financial statements, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weaknesses or deficiencies, subject us to regulatory investigations and penalties, harm our reputation, and cause a decline in investor confidence or otherwise cause a decline in our stock price. If we are unable to maintain effective disclosure controls and procedures, our business, financial position and**

results of operations could be adversely affected. We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Our management has concluded that a material weakness in our internal control over financial reporting exists at December 31, 2022. Management has further concluded that this material weakness resulted in our disclosure controls and procedures not being effective as of December 31, 2022. We concluded that such material weakness had not been fully remediated as of December 31, 2023. Please see Item 4 of Part I, Controls and Procedures, for more information about the material weakness that we identified. Impairment of our goodwill, other intangible assets and other long- term assets could materially and adversely affect our business and operating results. During the three months ended June 30, 2023, we determined that a triggering event occurred as a result of a sustained decline in our market capitalization **; therefore** , ~~could increase the likelihood that~~ we ~~will be required to~~ **performed an interim impairment test for our reporting unit. As a result of the interim impairment testing, we** ~~recognize~~ **recognized goodwill impairment charges of $ 282. 2 million in the three months ended June 30, 2023. Following our impairment analysis of other intangible assets and long- term assets for the fourth quarter ended December 31, 2023, we identified indicators of impairment for certain asset groups. Consequently, we recognized** an impairment ~~charge against our goodwill and / or intangible~~ **loss of $ 65. 6 million on long-term** assets **based on** ~~. In particular, these~~ -- **the** ~~or other~~ **results of this impairment testing.** ~~adverse~~ **Adverse** events or changes in circumstances may affect the estimated undiscounted future operating cash flows expected to be derived from our ~~goodwill and~~ intangible assets ~~. We have recently experienced substantial declines in our stock price,~~ and ~~continued weakness or further declines in our stock price increase the~~ **other** ~~likelihood that~~ **long- term assets; therefore,** we may be required to recognize **additional** impairment charges. Any impairment charges could have a material adverse effect on our operating results and net asset value in the quarter in which we recognize the impairment charge. We cannot provide assurances that we will not in the future be required to recognize impairment charges. Please see Item 7 of Part II, Management' s Discussion and Analysis of Financial Condition and Results of Operation – Goodwill, **of this Annual Report, Note 9, Intangible Assets and Goodwill, and Note 24, Realignment and Consolidation Plan, in the notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report** for more information. ~~For example, a sustained decline~~ **Our revenues and financial stability are highly dependent on securing and maintaining OEM customers and system integrators and achieving design wins** in **an evolving** market ~~capitalization below book value is an indicator that goodwill and other intangible assets should be tested for impairment under ASC 350 Intangibles – Goodwill and Other. During the period from January 1, 2022 to December 31, 2022, our stock price ranged between a high of $ 2. 95 and a low of $ 0. 63 and as of December 31, 2022 our market capitalization was $ 431. 1 million and the book value of our goodwill was $ 281. 7 million. While our market capitalization exceeded the book value of our goodwill as of December 31, 2022, as of March 17, 2023, our market capitalization is approximately $ 191. 1 (based on a closing price of $ 0. 50 per share) million and the book value of our goodwill is $ 281. 7 million, and as such we may be required to recognize an impairment loss in the future if the drop in our market capitalization is deemed to be sustained~~ . Our revenues depend ~~, in part,~~ on our ability to maintain ~~existing~~ and secure new OEM customers ~~. Our revenues also depend, in part, on the ability of our current and potential OEM customers~~ and system integrators ~~to~~ **, crucial for** ~~incorporate~~ **incorporating** our products into their systems ~~,~~ **. The successful integration** and ~~to sell~~ **sales of these systems are essential for our financial outcomes. Challenges** such **as** ~~systems successfully. Limited~~ **limited** marketing resources, reluctance ~~to invest~~ in research and development **investment by** ~~and other factors affecting~~ these **partners, and the development of competitive products by our** OEM customers and ~~third- party~~ **others could adversely affect demand for our products, impacting our revenues and financial performance. Additionally, our financial success is intertwined with our products being designed into our customers' products at the design stage. The commercial success of these designs, the possibility of customers manufacturing these designs in significant quantities, and the risk of our products being replaced in future redesigns or by competitors' components underscore the precarious nature of our revenue streams. The dynamic nature of product development and design competitions presents further uncertainties, with new generations of customer products not necessarily resulting in design wins for us, which could lead to reduced revenues and profitability. The combined effect of these factors underscores the critical importance of our relationship with OEM customers and** system integrators ~~could have a substantial impact upon demand~~ **in securing design wins and achieving commercial success, which are pivotal** for our ~~products,~~ **sustained revenue growth** and ~~in turn upon our~~ **financial stability. Our** revenues ~~and financial results. If OEM~~ **may be concentrated in a few** customers **,** ~~or integrators are not able to adapt existing tools or develop new systems to take advantage of the features~~ and ~~benefits of our products or~~ if **we lose** ~~they perceive us to be an~~ **any** ~~actual or potential competitor, then the opportunities to expand our revenues and increase our margins may be severely limited or delayed. In addition, some~~ of ~~our OEM customers are developing their own competitive products. If they are successful, this may reduce our revenues from~~ these customers **, or if these customers do not pay us, our revenues could be materially adversely affected** . We rely on a few customers for a significant portion of our revenues. For the year ended December 31, ~~2022~~ **2023** , revenue from ~~one~~ **two** ~~customer~~ **customers , each of which individually represented more than 10 % of the total revenue,** accounted for $ **6.** 8 ~~. 6~~ million or ~~84~~ **85. 1** % of total revenue. We currently derive a significant portion of our revenue from contract services with a G10 central bank. Although we are developing a new security feature under a framework contract with this customer, there can be no assurance that this project will be successful, or that **it** will result in long- term production revenue for this security feature. , **may be vulnerable** ~~our partners and customers~~ to a **variety of evolving cybersecurity** ~~risk~~ **risks** ~~of loss~~ **,such as those involving unauthorized access** or ~~misuse of this information;result~~ **control,malicious software,data privacy breaches by employees or others with authorized access,cyber or phishing- attacks,ransomware and other security issues.Moreover,cybersecurity threat actors,whether internal or external,are becoming more sophisticated and**

coordinated in **their attempts to access companies' information technology systems** ~~regulatory investigations,fines,litigation and potential liability for us;damage our brand --~~ **and data,including the information technology systems of cloud providers** and ~~reputation;or otherwise harm~~ **other third parties with whom we conduct** our business ~~.In addition,the cost and operational consequences of implementing further data protection measures could be significant.Delayed sales,lower margins or lost customers resulting from these disruptions could adversely affect our financial results,stock price and reputation~~ .Personal privacy,information security and data protection are significant issues worldwide.The regulatory framework governing the collection,use,and other processing of personal data and other information is rapidly evolving.The United States federal and various state and foreign governments have adopted or proposed requirements regarding the collection,distribution,use,security and storage of personally identifiable information and other data relating to individuals,and federal and state consumer protection laws are being applied to enforce regulations related to the online collection,use and dissemination of data.The costs of compliance with and other burdens imposed by laws,regulations,standards and other actual or asserted obligations relating to privacy,data protection and information security may be substantial,and they may require us to modify our data processing practices and policies.Any actual or alleged noncompliance with any of these laws,regulations,standards,and other actual or asserted obligations may lead to claims and proceedings by governmental actors and private parties,and significant fines,penalties or liabilities ~~.Our current and proposed operations are subject to a variety of~~ We must comply with, and are affected by, laws and regulations relating to the award, administration, and performance of various national government contracts. Awards received from such governments may be ~~cancelled~~ **canceled** or lose funding. Such government contracting parties may require us to increase or decrease production of certain products sold to such governments due to changes in strategy, priorities or other reasons, which could impact production of other products or sales to other customers to meet the requirements of such governments. In addition, such governments routinely retain rights to intellectual property developed in connection with government contracts. Such governments could exercise these rights in certain circumstances in the future, which could have the effect of decreasing the benefit we are able to realize commercially from such intellectual property. National government agencies routinely audit and investigate government contractors and can decrease or withhold certain payments when ~~it~~ **they** ~~deems~~ **deem** systems subject to ~~its~~ **their** review to be inadequate. Additionally, any costs found to be misclassified may be subject to repayment. If an audit or investigation uncovers improper or illegal activities, we may be subject to civil or criminal penalties and administrative sanctions, including reductions of the value of contracts, contract modifications or terminations, forfeiture of profits, suspension of payments, penalties, fines and suspension, or prohibition from doing business with such governments. In addition, we could suffer serious reputational harm if allegations of impropriety were made against it. Any such imposition of penalties, or the loss of such government contracts, could materially adversely affect our business, financial condition, results of operations and growth prospects **.** Our business activities may be subject to the U. S. Foreign Corrupt Practices Act (the **"** FCPA **"**), and similar anti- bribery or anti- corruption laws, regulations or rules of other countries in which we operate. These laws generally prohibit companies and their employees and third- party business partners, representatives and agents from engaging in corruption and bribery, including offering, promising, giving or authorizing the provision of anything of value, either directly or indirectly, to a government official or commercial party in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with government officials, including potentially officials of non- U. S. governments. In addition to our own employees, we may in the future leverage third parties to conduct our business abroad, such as obtaining government licenses and approvals. We and our third- party business partners, representatives and agents may have direct or indirect interactions with officials and employees of government agencies, state- owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of our employees, our third- party business partners, representatives and agents, even if we do not explicitly authorize such activities. There is no certainty that our employees or the employees of our third- party business partners, representatives and agents will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, debarment from U. S. government contracts, substantial diversion of management' s attention, significant legal fees and fines, severe criminal or civil sanctions against us, our officers, or our employees, disgorgement and other sanctions and remedial measures, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, financial condition and stock price. The U. S. and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of certain products, technologies, and software. We must export our products in compliance with U. S. export controls and we may not always be successful in obtaining necessary export licenses. Our failure to obtain **the** required import or export approval for our products or limitations on our ability to export or sell our products imposed by these laws may harm our international and domestic revenues. Noncompliance with these laws could have negative consequences, including government investigations, penalties and reputational harm. Changes in our products or changes in export, import and economic sanctions laws and regulations may delay our introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to or from certain countries altogether. In addition to the tariffs imposed by the U. S. Government on certain items imported from China, it is possible that additional sanctions or restrictions may be imposed by the United States on items imported into the United States from China. Similarly, in addition to the tariffs imposed by China on certain items imported from the United States, it is possible that additional sanctions or restrictions may be imposed by China on items imported into China from the United States. Any such measures could further adversely affect our ability to sell our products to

existing or potential customers and harm our ability to compete internationally and grow our business. In addition, generally, tariffs may materially increase the cost of our raw materials and finished goods, may negatively impact our margins as we may not be able to pass on the additional cost through increasing the prices of our products, and may cause the contraction of certain industries, including the Industrial market. Any change in export or import regulations or legislation, shift or change in enforcement, or change in the countries, persons or technologies targeted by these regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. In such **an** event, our business, financial condition, results of operations and growth prospects could be materially adversely affected ~~. Due to current supply chain disruptions, our contract manufacturing organizations may experience an inability to manufacture and produce sufficient quantities of our products as we progress through our regulatory testing and / or approval. Should this happen, we may not be able to provide sufficient quantities of our products which could delay our ability to bring products to market. Such a delay would cause us to use more capital than currently planned which may have a material adverse effect on our projected timing of product launches and financials. Our current and proposed operations are subject to a variety of laws, regulations and guidelines relating to production, the conduct of operations, transportation, storage, health and safety, medical device regulation and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter certain aspects of our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of our business plan and result in a material adverse effect on certain aspects of our planned operations. As an example, we launched a new product metaAIR ® in March 2019 to provide laser glare protection to pilots in the airline industry. Currently, metaAIR ® is not subject to any Federal Aviation Administration regulations. However, metaAIR ® has yet to receive FDA approval / clearance and could become subject to evolving regulation by governmental authorities as the metaAIR ® market evolves further. We have completed a number of acquisitions during our operating history. We have spent and may continue to spend significant resources identifying and pursuing future acquisition opportunities. Acquisitions involve numerous risks including: (1) difficulties in integrating the operations, technologies and products of the acquired companies; (2) the diversion of management' s attention from other business concerns; and (3) the potential loss of key employees of the acquired companies. Failure to achieve the anticipated benefits of any prior and future acquisitions or to successfully integrate the operations of the acquired companies could have a material and adverse effect on our business, financial condition, and results of operations. Any future acquisitions could also result in potentially dilutive issuance of equity securities, acquisition or divestiture- related write-offs or the assumption of debt and contingent liabilities. The regulatory approval process for our medical products in the United States and other countries around the world is time- consuming and complicated, and we may not obtain the approval required to market a product within the timeline required, or at all. Additionally, we may lose regulatory approval and / or our products may become subject to new and unanticipated foreign regulations. Our wireless sensing technologies to enhance MRI and glucoWISE ® non- invasive glucose_monitoring are under research and development. We have performed many pre- clinical experiments and we are preparing to perform clinical experiments as needed to continue the development of the related products. These products have not yet entered the clinical phase, and we have not engaged with any regulatory authorities regarding any medical uses subject to regulatory approval processes. We can provide no assurance that any clinical trials we commence will be successful, or that we will be successful in obtaining any regulatory approvals for any medical products we may develop in the future. Any medical devices that we may develop in the future and related operations are subject to extensive regulation in the United States and elsewhere, including by the FDA and by the FDA' s foreign counterparts. The FDA and foreign regulatory agencies regulate, among other things, with respect to medical devices: design, development, manufacturing, and release; laboratory, preclinical, and clinical testing; labeling, packaging, content, and language of instructions for use and storage; product safety and efficacy claims; establishment, registration, and device listing; marketing, sales, and distribution; pre- market clearances, approvals, and certifications; service operations; record keeping procedures; advertising and promotion; recalls and field safety corrective actions; post- market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury; post- market studies; and product import and export. The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated sales. The FDA and foreign counterparts enforce these regulatory requirements through, among other means, periodic unannounced inspections and periodic reviews of public marketing and promotion materials. We do not know whether we will be found compliant in connection with any future FDA or foreign counterparts' inspections or reviews. Failure to comply with applicable regulations could jeopardize our ability to sell our medical devices and result in enforcement actions such as: warning letters; untitled letters; fines; injunctions; civil penalties; termination of distribution; recalls or seizures of products; delays in the introduction of products into the market; total or partial suspension of production; refusal to grant future clearances, approvals, or certifications; withdrawals or suspensions of current approvals or certifications, resulting in prohibitions on sales of our medical devices; and in the most serious cases, criminal penalties. Legislative or regulatory reforms in the United States or other countries may make it more difficult and costly for us to obtain regulatory clearances, approvals, or certifications for our products or to manufacture, market, or distribute our products after clearance, approval, or certification is obtained. From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulation of medical devices. In addition, the FDA may change its clearance and approval policies, adopt additional regulations, or revise existing regulations, or take other actions, which may prevent or delay approval or clearance of our future products under development or impact our ability to modify our currently cleared products on a timely basis. The FDA' s and other regulatory authorities' policies may change, and additional government regulations may be promulgated that could prevent, limit, or delay regulatory clearance or approval of our product candidates. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative action, either in~~

the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability. In the United States, there have been, and continue to be, a number of legislative initiatives to contain healthcare costs. In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (ACA) was enacted in the United States, which made a number of substantial changes in the way healthcare is financed by both governmental and private insurers. We expect additional state and federal healthcare policies and reform measures to be adopted in the future. Any of these could make it more difficult and costly for us to obtain regulatory clearances or approvals for our products or to manufacture, market, or distribute our products after clearance or approval is obtained. Any such reforms could have a material adverse effect on our industry generally and on our customers. In addition, any healthcare reforms that expand the government' s role in the U. S. healthcare industry may result in decreased sale of our products and lower reimbursement by payors for procedures using our products, any of which could affect demand for our products and / or result in additional pricing pressure, which in turn could impact our ability to successfully commercialize our products and could have an adverse material effect on our business, financial condition, and results of operations. Changes and reforms in the EU and other countries where we may decide to commercialize could have similar effects. In the United States, healthcare providers who purchase medical products generally rely on third- party payors, including Medicare, Medicaid, and private health insurance plans, to pay for all or a portion of the cost of the medical products that we may commercialize upon regulatory approval or clearance. Any decline in the amount payors are willing to reimburse our medical products, if cleared or approved for commercial use and distribution, may make it difficult for customers to adopt our products and could create additional pricing pressure for us. We may be unable to sell our products on a profitable basis if third- party payors deny coverage or reduce their current levels of reimbursement. To contain costs of new technologies, governmental healthcare programs and third- party payors are increasingly scrutinizing new and existing treatments by requiring extensive evidence of favorable clinical outcomes. Physicians, hospitals, and other healthcare providers may not purchase our products if they do not receive satisfactory reimbursement from these third- party payors for the cost of using our products. If third- party payors issue non- coverage policies or if our customers are not reimbursed at adequate levels, this could adversely affect sales of our products. Outside of the United States, reimbursement systems vary significantly by country. The marketability of our products may suffer if government and commercial third- party payors fail to provide adequate coverage and reimbursement. Even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future. We are subject to certain federal, state, and foreign fraud and abuse laws, health information privacy and security laws, and transparency laws regarding payments and other transfers of value made to physicians and other healthcare professionals that could subject us to substantial penalties. Additionally, any challenge to, or investigation into, our practices under these laws could cause adverse publicity and be costly to respond to, and thus could harm our business. Our arrangements with physicians, hospitals and medical centers could expose us to broadly applicable fraud and abuse laws and other laws and regulations that may restrict the financial arrangements and relationships through which we may market, sell, and distribute our medical products after we receive the applicable marketing authorization. Our employees, consultants, and commercial partners may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements. Federal and state healthcare laws and regulations that may affect our ability to conduct business, include, without limitation: • FDA, Department of Justice, and other government authority prohibitions against the advertisement, promotion, and labeling of our products for off- label uses, or uses outside the specific indications approved by the FDA; • the federal Anti- Kickback Statute, which broadly prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order, or recommendation of, any good or service for which payment may be made under federal healthcare programs, such as Medicare or Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation; • the federal False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false claims, or knowingly using false statements, to obtain payment from the federal government. These laws have been interpreted to apply to arrangements between medical device manufacturers, on the one hand, and prescribers, purchasers, and other healthcare- related professionals on the other. They can apply to manufacturers who provide inaccurate information on coverage, coding, and reimbursement of their products to persons who bill third- party payors. In addition, medical device companies have been prosecuted or faced civil and criminal liability under these laws for a variety of alleged promotional and marketing activities, including violations of the federal Anti- Kickback Statute and engaging in off- label promotion that caused claims to be submitted for non- covered off- label uses. Private individuals can bring False Claims Act " qui tam " actions, on behalf of the government and such individuals, commonly known as " whistleblowers, " may share in amounts paid by the entity to the government in fines or settlement; • HIPAA, which among other things, also created criminal liability for knowingly and willfully falsifying or concealing a material fact or making a materially false statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti- Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation; • federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making, or causing to be made, false statements relating to healthcare matters; • the federal Civil Monetary Penalties Law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know is likely to influence the beneficiary' s decision to order or receive items or services reimbursable by the government from a particular provider or supplier; • the FCPA and other local anti- corruption laws that apply to our international activities; • the federal Physician Payment Sunshine Act (Open Payments) and its implementing regulations, which require applicable manufacturers of covered drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the

Children' s Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare & Medicaid Services (CMS) information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), non- physician healthcare professionals (such as physician assistants and nurse practitioners, among others) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; • analogous state law equivalents of each of the above federal laws, such as anti- kickback and false claims laws which may apply to items or services reimbursed by any third- party payor, including commercial insurers or patients; state laws that require medical device companies to comply with the industry' s voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require medical device manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm customers, state laws, governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts; and state laws related to insurance fraud in the case of claims involving private insurers. • the scope and enforcement of each of the laws applicable to our business and products are uncertain and subject to rapid change in the current environment of healthcare reform. The U. S. Department of Justice has increased its scrutiny of interactions between manufacturers and healthcare providers, which has led to a number of investigations, prosecutions, convictions, and settlements in the healthcare industry. Responding to a government investigation is time and resource intensive and may cause harm to our business and reputation even if we are able to successfully defend against it. Any action brought against us for violations of these laws or regulations, even successfully defended, could cause us to incur significant legal expenses and divert our management' s attention from the operation of our business. We may be subject to private " qui tam " actions brought by individual whistleblowers on behalf of the federal or state governments. If our operations are found to be in violation of any of the federal, state and foreign laws described above or any other current or future fraud and abuse or other healthcare laws and regulations that apply to us, we may be subject to penalties, including significant criminal, civil, and administrative penalties, damages, fines, imprisonment for individuals, exclusion from participation in government programs, such as Medicare and Medicaid, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm our business and our financial results. Our medical products are subject to extensive regulation by the FDA in the United States and by regulatory agencies in other countries outside of the United States. Government regulations specific to medical devices are wide ranging and govern, among other things: • Product design, development, and manufacture. • Laboratory, preclinical and clinical testing, labeling, packaging, storage, and distribution. • Premarketing clearance, approval, or certification. • Record keeping. • Product marketing, promotion and advertising, sales, and distribution. • Post marketing surveillance, including reporting of deaths or serious injuries and recalls and correction and removals. Before a new medical device, or a new intended use for an existing product, can be marketed in the United States, a company must first submit and receive 510 (k) clearance pursuant to Section 510 (k) of the Food, Drug and Cosmetic Act (FDCA), approval of a PMA by the FDA, or grant of a de novo classification request from the FDA, unless an exemption applies. In the 510 (k) clearance process, the FDA must determine that a proposed device is " substantially equivalent " to a device legally on the market, known as a " predicate " device, in order to clear the proposed device for marketing. To be " substantially equivalent, " the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data is sometimes required to support substantial equivalence. In the PMA approval process, the FDA must determine that a proposed device is safe and effective for its intended use based on extensive data, including technical, pre- clinical, clinical trial, manufacturing, and labeling data. The PMA process is typically required for devices for which the 510 (k) process cannot be used and that are deemed to pose the greatest risk, such as life sustaining, life supporting, or implantable devices. In the de novo classification process, a manufacturer whose novel device under the FDCA would otherwise be automatically classified as Class III and require the submission and approval of a PMA prior to marketing is able to request down- classification of the device to Class I or Class II on the basis that the device presents a low or moderate risk. If the FDA grants the de novo classification request, the applicant will receive authorization to market the device. This device type may be used subsequently as a predicate device for future 510 (k) submissions. Modifications to products that are approved through a PMA application generally need prior FDA approval of a PMA supplement. Similarly, some modifications made to products cleared through a 510 (k) submission may require a new 510 (k) clearance, or such modification may put the device into Class III and require PMA approval or the grant of a de novo classification request. The PMA approval, 510 (k) clearance, and de novo classification processes can be expensive, lengthy, and uncertain. Any delay or failure to obtain necessary regulatory approvals, clearances or certifications would have a material adverse effect on our business, financial condition, and results of operations. The FDA and foreign bodies can delay, limit, or deny clearance, approval, or certification of a device for many reasons, including: • our inability to demonstrate to the satisfaction of the FDA or the applicable regulatory entity or notified body that our products are safe or effective for their intended uses or substantially equivalent to a predicate device; • the disagreement of the FDA or the applicable foreign body with the design, conduct or implementation of our clinical trials or investigations or the analyses or interpretation of data from pre- clinical studies or clinical trials or investigations; • serious and unexpected adverse device effects experienced by participants in our clinical trials or investigations; • the data from our pre- clinical studies and clinical trials or investigations may be insufficient to support clearance, de novo classification, approval, or certification, where required; • our inability to demonstrate that the clinical and other benefits of the device outweigh the risks; • the applicable regulatory authority or notified body may identify significant deficiencies in our manufacturing processes, facilities, or analytical methods or those of our third- party contract manufacturers; • the potential for approval policies or regulations of the FDA or applicable foreign regulatory

bodies to change significantly in a manner rendering our clinical data or regulatory submissions insufficient for clearance, de novo classification, approval, or certification; and • the FDA or foreign regulatory authorities or bodies may audit our clinical trial or investigation data and conclude that the data is not sufficiently reliable to support approval, clearance, or certification. Upon commercialization of any medical devices for which we receive FDA clearance or approval, we are required to investigate all product complaints we receive, and timely file reports with the FDA, including MDRs that require that we report to regulatory authorities if our products may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. If these reports are not submitted in a timely manner, regulators may impose sanctions and we may be subject to product liability or regulatory enforcement actions, including warning letters, untitled letters, fines, civil penalties, recalls, seizures, operating restrictions, denial of requests for 510 (k) clearance or premarket approval of new products, new intended uses or modifications to existing products, withdrawal of current 510 (k) clearances or premarket approvals, and narrowing of approved or cleared product labeling, all of which could harm our business. In addition, the FDA may provide notice of and conduct additional inspections, such as " for cause " inspections, of our business, sites, and facilities as part of its review process. Similar requirements may apply in foreign countries. If we initiate a correction or removal action for our products to reduce a significant risk to health posed by our products, we would be required to submit a publicly available correction and removal report to the FDA and, in many cases, similar reports to other regulatory agencies. This report could be classified by the FDA as a device recall which could lead to increased scrutiny from the FDA, other international regulatory agencies, and our customers regarding the quality and safety of our products. Furthermore, the submission of these reports could be used by competitors against us and cause physicians to delay or cancel orders, which could harm our reputation. The FDA and the Federal Trade Commission (FTC) also regulate the advertising, promotion, and labeling of our products to ensure that the claims we make are consistent with our regulatory authorizations, that there is adequate and reasonable scientific data to substantiate the claims, and that our promotional labeling and advertising is neither false nor misleading in any respect. If the FDA or FTC determines that any of our advertising or promotional claims are misleading, not substantiated, or not permissible, we may be subject to enforcement actions, including adverse publicity and / or warning letters, and we may be required to revise our promotional claims and make other corrections or restitutions. The FDA, state authorities, and foreign counterparts have broad investigation and enforcement powers. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, state agencies, or foreign counterparts, which may include any of the following sanctions: • adverse publicity, warning letters, fines, injunctions, consent decrees, and civil penalties; • repair, replacement, refunds, recalls, termination of distribution, administrative detention, or seizure of our products; • operating restrictions, partial suspension, or total shutdown of production; lawsuit • denial of our requests for marketing authorizations or certifications for new products, new intended uses, or modifications to existing products; • withdrawal of marketing authorizations or certifications that have already been granted; and • criminal prosecution. If any of these events were to occur, our business and financial condition could be harmed. In addition, the FDA' s and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our products. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval or certification that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business, financial condition, and results of operations. We are exposed to the risk that our employees, consultants, and other commercial partners and business associates may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless, or negligent conduct or other unauthorized activities that violate the regulations of the FDA and other regulators (both domestic and foreign), including those laws requiring the reporting of true, complete, and accurate information to such regulators, manufacturing standards, healthcare fraud and abuse laws, and regulations in the United States and internationally or laws that require the true, complete, and accurate reporting of financial information or data. In particular, sales, marketing, and business arrangements in the healthcare industry, including the sale of medical devices, are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self- dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. It is not always possible to identify and deter misconduct by our employees, consultants, and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of operations, any of which could adversely affect our business, financial condition and results of operations. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and reputational harm, and divert the attention of management in defending ourselves against any of these claims or investigations. Our research and development and manufacturing operations involve the use of some hazardous substances and are subject to a variety of federal, state, local, and foreign environmental laws and regulations relating to the storage, use, discharge, disposal, remediation of, and human exposure to, hazardous substances and the sale, labeling, collection, recycling, treatment, and disposal of products containing hazardous substances. Liability under environmental laws and regulations can be joint and several and without regard to fault or negligence. Compliance with environmental laws and regulations may be expensive and noncompliance could result in substantial liabilities, fines and penalties, personal injury and third- party property damage claims and substantial investigation and remediation costs. Environmental laws and regulations could become more stringent over time, imposing greater compliance costs, and increasing

~~risks and penalties associated with violations. We cannot assure you that violations of these laws and regulations will not occur in the future or have not occurred in the past as a result of human error, accidents, equipment failure or other causes. The expense associated with environmental regulation and remediation could harm our financial condition and operating results~~. We will require insurance coverage for numerous risks related to our business **, including our current and future litigations** . Although our management believes that the events and amounts of liability covered by our insurance policies **are** ~~will be~~ reasonable, taking into account the risks relevant to our business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which we may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, our financial resources, results of operations and prospects could be adversely affected. ~~Cyberattacks or~~ **For example** ~~data breaches could compromise confidential~~ , ~~business- critical information, cause disruptions~~ in **connection** ~~our operations, expose us~~ to ~~potential~~ **the aforementioned SEC** ~~litigation~~ - **investigation** , **we** ~~or harm our reputation. We~~ have **submitted a settlement offer to** ~~important assets, including intellectual property, trade secrets, and other~~ -- **the SEC** ~~sensitive, business- critical and / or confidential information which may be vulnerable to such incidents. While we are in the process of implementing a cybersecurity program that is continually reviewed, maintained, and upgraded, no assurance can be made~~ that we **will pay a civil money penalty in an amount of $ 1. 0 million in four (4) installments over the period of one (1) year. However, we cannot predict whether or when the Proposed SEC Settlement will be approved, and a possible monetary penalty may exceed the insured limit which will adversely affect our financial condition and cash flows. We** are ~~invulnerable~~ **subject** to ~~cyberattacks and data breaches which~~ **taxation- related risks in multiple jurisdictions** , ~~if significant~~ **and the adoption and interpretation of new tax legislation** , **tax regulations, tax rulings, or exposure to additional tax liabilities** could ~~negatively impact~~ **materially affect** our business ~~and~~ **,** financial **condition and** results ~~. We rely extensively on information technology systems, including internet sites, computer software, data hosting facilities and other hardware and platforms, some~~ of ~~which are hosted by third parties, to assist in conducting our business. Our information technology systems, as well as those of third parties we use in our business~~ operations , may be vulnerable to a variety..... and significant fines, penalties or liabilities . We are a U. S. parented multinational group subject to income and other taxes in Canada, the United States, the United Kingdom, and other jurisdictions in which we do business. As a result, our provision for (benefit from) income taxes is derived from a combination of applicable tax rates in the various jurisdictions in which we operate. Significant judgment is required in determining our global provision for (benefit from) income taxes, value added and other similar taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. It is possible that our tax positions may be challenged by tax authorities, which may have a significant impact on our global provision for (benefit from) income taxes. If such a challenge were to be resolved in a manner adverse to us, it could have a material adverse effect on our business, financial condition and results of operations. Recent or future changes to **United States** ~~U. S.~~ , Canadian, United Kingdom and other non- U. S. tax laws could impact the tax treatment of our earnings. For example, the Inflation Reduction Act of 2022, enacted on August 16, 2022, imposes a one- percent non- deductible excise tax on repurchases of stock that are made by U. S. publicly traded corporations on or after January 1, 2023. In addition, as of January 1, 2022, the Tax Cuts and Jobs Act of 2017 requires research and experimental expenditures attributable to research conducted within the United States to be capitalized and amortized ratably over a five- year period. Any such expenditures attributable to research conducted outside the United States must be capitalized and amortized over a 15- year period. We generally conduct our international operations through wholly owned subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. The intercompany relationships between our legal entities are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Although we believe we are compliant with applicable transfer pricing and other tax laws in the United States, Canada, the United Kingdom and other relevant countries, due to changes in such laws and rules, we may have to modify our international structure in the future, which will incur costs and may adversely affect our business, financial condition and results of operations. If U. S., Canadian, United Kingdom or other non- U. S. tax laws change further, if our current or future structures and arrangements are challenged by a taxing authority, or if we are unable to appropriately adapt the manner in which we operate our business, we may have to undertake further costly modifications to our international structure, which may cause our tax liabilities to increase and adversely affect our business, financial condition and results of operations. **Our ability to use our deferred tax assets to offset future taxable income is subject to certain limitations, which may have a material impact on our business, financial condition or results of operations.** As of December 31, ~~2022~~ **2023** , a valuation allowance has been recorded against our deferred tax assets that are more likely than not to be realized in the U. S. federal and state tax jurisdictions. We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Certain of our deferred tax assets may expire unutilized or underutilized, which could prevent us from offsetting future taxable income. We continue to assess the realizability of our deferred tax assets in the future. Future adjustments in our valuation allowance may be required, which may have a material impact on our quarterly and annual operating results. ~~Risks Related to Intellectual Property~~ If we fail to protect and enforce our intellectual property rights and our confidential information, our business could be adversely affected. We rely on a combination of nondisclosure agreements and other contractual provisions and patent, trade secret and copyright laws to protect our technologies, products, product development and manufacturing activities from unauthorized use by third parties. Our patents do not cover all of our technologies, systems, products and product components and our competitors or others may design around our patented technologies. We cannot guarantee that these mechanisms will adequately protect our technology and intellectual property, nor can we guarantee that a court will enforce our intellectual property rights. In addition, the laws and enforcement regimes of certain countries do not protect our technology and intellectual property to the same extent as do the laws and enforcement regimes of the U. S. In certain jurisdictions, we may be unable to protect our technology and intellectual property adequately against unauthorized use, which could adversely affect our business. We **are unable to discern a pattern in or otherwise**

predict the amount of any payments for the sale or licensing of intellectual property that we may receive. Consequently, we are unable to plan on the timing of intellectual property revenues and our results of operations may be adversely affected by a reduction in future estimated intellectual property revenues. We may become involved in material legal proceedings in the future to enforce or protect our intellectual property rights, which could harm our business. From time to time, we may identify products that we believe ~~infringes~~ **infringe** on our patents and may have to initiate litigation to enforce our patent rights against those products. Litigation stemming from such disputes could harm our ability to gain new customers, who may postpone licensing decisions pending the outcome of the litigation or who may, as a result of such litigation, choose not to adopt our technologies. Such litigation may also harm our business relationships with existing customers, who may, because of such litigation, cease making royalty or other payments to us or challenge the validity and enforceability of our patents or the scope of our related agreements. In addition, the costs associated with legal proceedings are typically high, relatively unpredictable and not completely within our control. These costs may be materially higher than expected, which could adversely impair our working capital, affect our operating results and lead to volatility in the price of our common stock. Whether or not determined in our favor or ultimately settled, litigation would divert managerial, technical, legal and financial resources from our business operations. Furthermore, an adverse decision in any of these legal actions could result in a loss of our proprietary rights, subject us to significant liabilities, require us to seek licenses from others, limit the value of our technology or otherwise negatively impact the price of our common stock, business and financial position, results of operations and cash flows. Even if we prevail in a legal action, significant contingencies may exist to the settlement and final resolution, including the scope of the liability of each party, our ability to enforce judgments against the parties, the ability and willingness of the parties to make any payments owed or agreed upon, and the dismissal of the legal action by the relevant court, none of which are completely within our control. Parties that may have financial obligations to us could be insolvent or decide to alter their business activities or corporate structure, which could affect our ability to collect royalties from such parties. ~~Our technologies may infringe on the intellectual property rights of others, which could lead to costly disputes or disruptions.~~ Various business segments in which we operate are characterized by frequent allegations of intellectual property infringement. Any allegation of infringement could be time consuming and expensive to defend or resolve, result in substantial diversion of management resources, cause suspension of operations or force us to enter into royalty, license, or other agreements rather than dispute the merits of such allegation. Furthermore, third parties making such claims may be able to obtain injunctive or other equitable relief that could block our ability to further develop or commercialize some or all of our technologies, and the ability of our customers to develop or commercialize their products incorporating our technologies, in the U. S. and abroad. If patent holders or other holders of intellectual property initiate legal proceedings, we may be forced into protracted and costly litigation. We may not be successful in defending such litigation and may not be able to procure any required royalty or license agreements on acceptable terms or at all. Risk Related to Industry Adoption of ~~our~~ **Our** Products We cannot provide assurance that markets will accept our various products at the expected market penetration rates, which may adversely affect our business operations and financial position. We launched our first product, a laser glare protection eyewear named metaAIR ®, in March 2019, with a primary focus on the aviation market. We ~~have~~ co- developed this product with Airbus through a strategic partnership. Airbus further extended its support by introducing us to Satair, an Airbus- owned company, which became the global distribution partner for metaAIR ® to the aviation market. Since 2016, Airbus and Satair have invested a total of $ 2, 000, 000 for the product development and exclusive distribution rights to metaAIR ®. **Nevertheless** ~~Despite our close collaboration with the Airbus Group and future plans for marketing and sales expansion~~, there can be no assurance that the aviation market will accept the metaAIR ® product at the expected market penetration rates and a slower than forecasted market acceptance may have a material adverse effect on **the demand for our** Holography laser glare protection related products and our financial position. Slower than forecasted market acceptance of Lithography related products, partially in the automotive market, may have a material adverse effect on our financial position. Our NANOWEB ® applications have not yet reached the required manufacturing scale to enable us to address the volume demands of a number of our target vertical markets. We currently have only our first pilot scale, 300mm wide, roll- to- roll line, and we will need to add additional capacity and wider substrates to support our target applications. Broader sales and production are expected to be launched in two to three years' time after successful completion of automotive and other vertical market product ~~qualification~~ **qualifications** and product introductions. We believe that the automotive market is a strategic high growth opportunity **;** however, despite our close collaboration with automotive partners, there can be no assurance that the automotive market will accept the NANOWEB ® product at the expected market penetration rates and a slower than forecasted market acceptance may have a material adverse effect on Lithography de- icing / de- fogging, transparent antenna and other related products and our financial position. If ~~products incorporating our technologies are used in defective products, we may be subject to product liability or other claims. If~~ our technology is used in defective or malfunctioning products, we could be sued for damages, especially if the defect or malfunction causes physical harm to people. While we will endeavor to carry product liability insurance, contractually limit our liability and obtain indemnities from our customers, there can be no assurance that we will be able to obtain insurance at satisfactory rates or in adequate amounts or that any insurance and customer indemnities will be adequate to defend against or satisfy any claims made against us. The costs associated with legal proceedings are typically high, relatively unpredictable and not completely within our control. Even if we consider any such claim to be without merit, significant contingencies may exist, similar to those summarized in the above risk factor concerning intellectual property litigation, which could lead us to settle the claim rather than incur the cost of defense and the possibility of an adverse judgment. Product liability claims in the future, regardless of their ultimate outcome, could have a material adverse effect on our business, financial condition and reputation, and on our ability to attract and retain customers. **The** ~~We participate in~~ markets ~~that~~ **for our products** are ~~subject to rapid~~ **characterized by: changing** ~~technological~~ **technologies ; changing customer needs; frequent new** ~~change and require significant research and development expenses to develop and maintain products~~ **product** ~~that can achieve market acceptance~~ **introductions and enhancements; increased integration**

with other functions; and product obsolescence . We operate in a rapidly evolving industry subject to significant technological change and new product introductions and enhancements. Our future performance depends in part on the successful development, introduction and market acceptance of new and enhanced products that **anticipate and** address these changes and current and potential customer requirements. To the extent customers defer or cancel orders for existing products due to a slowdown in demand or in the expectation of a new product release, or if there is any delay in development or introduction of our new products or enhancements of our products, our business and financial conditions, results of operations, and growth prospects would be materially adversely affected. We also may not be able to develop the underlying core technologies necessary to create new products and enhancements, or to license these technologies from third parties ~~. Risks Related to Facilities and Human Resources We have ongoing environmental costs, which could have a material adverse effect on our financial position or results of operations. Certain of our operations and assets are subject to extensive environmental, health and safety regulations, including laws and regulations related to waste disposal and remediation of contaminated sites. The nature of our operations and products, including the raw materials we handle, exposes us to the risk of liabilities, obligations or claims under these laws and regulations due to the production, storage, use, transportation and sale of materials that can adversely impact the environment or cause personal injury, including, in the case of chemicals, unintentional releases into the environment. Environmental laws may have a significant effect on the costs of use, transportation and storage of raw materials and finished products, as well as the costs of storage, transportation and disposal of wastes. The ultimate costs and timing of environmental liabilities are difficult to predict. Liabilities under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. One liable party could be held responsible for all costs at a site, regardless of fault, percentage of contribution to the site or the legality of the original disposal. We could incur significant costs, including clean- up costs, natural resource damages, civil or criminal fines and sanctions and third- party lawsuits claiming, for example, personal injury and / or property damage, as a result of past or future violations of, or liabilities under, environmental or other laws. In addition, future events, such as changes to or more rigorous enforcement of environmental laws, could require us to make additional expenditures, modify or curtail our operations and / or install additional pollution control equipment. It is possible that regulatory agencies may enact new or more stringent clean- up standards for chemicals of concern, including chlorinated organic products that we manufacture. This could lead to expenditures for environmental remediation in the future that are additional to existing estimates. We may incur claims relating to our use, manufacture, handling, storage or disposal of hazardous materials~~ . Our research and development and manufacturing processes require the transportation, storage and use of hazardous materials, including chemicals, and may result in the generation of hazardous waste. National and local laws and regulations in many of the jurisdictions in which we operate impose substantial potential liability for the improper use, manufacture, handling, storage, transportation and disposal of hazardous materials as well as for land contamination, and, in some cases, this liability may continue over long periods of time. Despite our compliance efforts, we cannot eliminate the risk of industrial accidents that may lead to discharges or releases of hazardous materials and any resultant injury, property damage or environmental contamination from these materials. For example, real properties that we owned or used in the past or that we own or use now or in the future may contain detected or undetected contamination resulting from our operations at those sites or the activities of prior owners or occupants. We may suffer from expenses, claims or liability which may fall outside of or exceed our insurance coverage. Furthermore, changes to current environmental laws and regulations may impose further compliance requirements on us that may impair our research, development and production efforts as well as our other business activities. New and evolving regulatory requirements include producer responsibility frameworks and regulations related to addressing climate change or other emerging environmental areas. Increased environment, health and safety laws, regulations and enforcement could result in substantial costs and liabilities to us and could subject our use, manufacture, handling, storage, transportation, and disposal of hazardous materials to additional constraints. Consequently, compliance with these laws could result in capital expenditures as well as other costs and liabilities, thereby adversely affecting business, financial position and results of operations. Our failure to comply with applicable laws and regulations material to our operations, such as export control, environmental and climate related laws and regulations, or the inability to timely obtain requisite approvals necessary for the conduct of our business, such as fab land and construction approvals, could harm our business and operational results or subject us to potential significant legal liability. Because we engage in manufacturing activities in multiple jurisdictions and conduct business with our customers located worldwide, such activities are subject to a myriad of governmental regulations. Our failure to comply with any such laws or regulations, as amended from time to time, and our failure to comply with any information and document sharing requests from the relevant authorities in a timely manner could result in: ~~•~~ Significant penalties and legal liabilities, such as the denial of import or export permits or third **-** party private lawsuits, criminal or administrative proceedings; ~~•~~ The temporary or permanent suspension of production of the affected products; ~~•~~ The temporary or permanent inability to procure or use certain production critical chemicals or materials; ~~•~~ Unfavorable alterations in our manufacturing, assembly and test processes ~~.~~ ; ~~•~~ Challenges from our customers that place us at a significant competitive disadvantage, such as loss of actual or potential sales contracts in case we are unable to satisfy the applicable legal standard or customer requirement ~~.~~ ; ~~•~~ Restrictions on our operations or sales; ~~•~~ Loss of tax benefits, including termination of current tax incentives, disqualification of tax credit ~~application~~ **applications** and repayment of the tax benefits that we are not entitled **to** ; ~~•~~ **and** Damages to our goodwill and reputation **.** Complying with applicable laws and regulations, such as environmental and climate related laws and regulations, could also require us, among other things, to do the following: (a) purchase, use or install remedial equipment; (b) implement remedial programs such as climate change mitigation programs; (c) modify our product designs and manufacturing processes, or incur other significant expenses such as obtaining renewable energy sources, renewable energy certificates or carbon credits, substitute raw materials or chemicals that may cost more or be less available for our operations. Our inability to timely obtain approvals necessary for the conduct of our business could impair our operational and financial results. For example, if we are unable to timely obtain environmental related approvals needed to undertake the

development and construction of a new fab or expansion project, then such inability may delay, limit, or increase the cost of our expansion plans that could also in turn adversely affect our business and operational results. In light of increased public interest in environmental issues, our operations and expansion plans may be adversely affected or delayed responding to public concern and social environmental pressures even if we comply with all applicable laws and regulations. ~~Delays in setting up facilities or receiving required permits could have an adverse effect on our financial position. We are in the process of moving into a larger facility suitable to host the scale- up of production relating to Holography and Lithography. Lithography requires specific local government approvals to allow use of certain chemicals and their disposal. Any delay in setting up the facility and receiving permits may impact launch and / or development of related products and may have a material adverse effect on related products and consequently on our financial position.~~ We are highly dependent on **the continued service and availability of key management personnel, and failure to successfully execute succession planning could harm our Company. Our success depends upon our ability to retain highly skilled technical, managerial, marketing and finance personnel, and, to a significant extent, upon the efforts and abilities of our senior management. The resignation** ~~our~~ **or departure of** key personnel **could adversely affect our business** , **financial condition,** and ~~if~~ **operations. These individuals play crucial roles in our strategic decision- making, day- to- day operations and financial management. Their departure may lead to uncertainties, loss of expertise, and potential disruptions in our business continuity. Additionally, attracting and retaining qualified replacements for such key positions may be challenging, and any delays or difficulties in finding suitable successors could further impact our operations. If** we ~~are not successful in attracting and retaining highly qualified~~ **lose the services of or fail to recruit key management** personnel, we may not be able to successfully implement our business strategy **and our business could be harmed. We have experienced significant changes in our senior management during 2023. In addition, we executed a significant management reorganization in 2023 that we believe will support the future growth of the Company. These or other changes in key management could create uncertainty among our employees, suppliers and other business partners and are resulting in changes to the strategic direction of our business, any of which could have a material adverse effect on us. If our management team is not successful in executing our strategy, our operating results and prospects for future growth may be adversely impacted. Failure to effectively identify, develop and retain other key personnel, recruit high- quality candidates and ensure smooth management and personnel transitions could also disrupt our business and adversely affect our results** . Our ability to successfully manage and grow the business and to develop new products depends, in large part, on our ability to recruit and retain qualified employees, particularly highly skilled technical, sales, service, management, and key staff personnel. Competition for qualified resources is intense and other companies may have greater resources available to provide substantial inducements and to offer more competitive compensation packages. If we are not successful in attracting and retaining highly qualified personnel, it could have a material adverse effect on our business, financial condition, and results of operations. ~~Our results~~ **We face the risk that our stockholders do not approve an increase in the aggregate number** of ~~operations~~ **shares that may be subject to awards under the 2021 Equity Incentive Plan (the" additional Pool"). Equity compensation is vital for our ability to attract, motivate, and retain highly skilled personnel in a competitive market. These plans serve not only as a key element of our compensation strategy but also help in aligning the interests of our employees with those of our stockholders by providing them with a stake in the Company' s success. As of February 29, 2024, we have less than 150, 000 shares available to be issued to our employees and service providers under the 2021 Equity Incentive Plan. If our stockholders do not approve the additional Pool, we may not be able to offer competitive compensation packages. This limitation** could ~~be adversely affected~~ **significantly hinder our capability to attract and retain essential talent, which is crucial for our innovation, operational efficiency, and growth. Equity participation is often viewed as a critical aspect of compensation** by **potential employees** ~~labor shortages, turnover, labor cost increases~~ and ~~inflation~~ **leaders. Without the option to offer such incentives, we may struggle to recruit and keep qualified individuals in key positions. This challenge could negatively influence our competitive standing, operational performance, and prospects for growth** . A number of factors may adversely affect the labor force available to us in one or more of our geographies, including high employment levels, increasing market wages and other compensation costs, federal unemployment subsidies, and other government regulations, which include laws and regulations related to workers' health and safety, wage and hour practices and immigration. These factors can also impact the cost of labor. Increased turnover rates within our employee base can lead to decreased efficiency and increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees. An overall labor shortage or lack of skilled labor, increased turnover or labor inflation could have a material adverse effect on results of operations. Certain directors and officers may be subject to conflicts of interest. Certain of our directors and officers may be involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services we intend to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from our interests. In accordance with applicable corporate law, directors who have a material interest in or who are a party to a material contract or a proposed material contract with us are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to our best interests. However, in conflict- of- interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to us. ~~Risks Related to Legal Matters~~ We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business ~~and which could adversely affect our business. We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business~~ . We cannot predict the outcome of these proceedings or provide an estimate of potential ~~damages~~ **damage** , if any. We believe that the

claims in the securities class actions are without merit and intend to defend against them vigorously. Regardless, failure by us to obtain a favorable resolution of the claims set forth in the complaints could require us to pay damage awards or otherwise enter into settlement arrangements for which our insurance coverage may be insufficient. Any such damage awards or settlement arrangements in current or future litigation could have a material adverse effect on our business, operating results or financial condition. Even if plaintiffs' claims are not successful, defending against class action litigation is expensive and could divert management' s attention and resources, all of which could have a material adverse effect on our financial condition and operations, operating results and financial condition and negatively affect the price of our common stock. In addition, such lawsuits may make it more difficult for us to finance our operations in the future. See **Note 27, Commitments and Contingencies, in the notes to the Consolidated Financial Statements in** Part ~~I~~ **II**, Item **8 of** ~~3," Legal Proceedings" in~~ this Annual Report ~~on Form 10- K~~ for more information regarding our legal proceedings. ~~Current~~ **We** and ~~future investigations by~~ **a former CEO of Torchlight and our former CEO (the " CEOs ") have received " Wells Notices " from** the SEC ~~have~~ **staff recommending that the SEC bring enforcement actions against us** and **the CEOs which** could ~~continue to have an adverse impact on our business. We are cooperating and intend to continue to cooperate with the SEC' s investigation as described elsewhere in this Annual Report on Form 10- K. Investigations can be inherently uncertain and their results and timing cannot be predicted. Regardless of the outcome, SEC investigations have and could continue to have an adverse impact us by resulting in legal costs, diversion of management resources, and other negative factors. SEC investigations could also result in reputational harm to us, which, among other things, may limit our ability to obtain new customers and enter into new agreements with our existing customers, or our ability to obtain financing, and~~ have a material adverse effect on our ~~current and future~~ business, financial condition ~~,~~ **and** results of operations ~~and ,~~ prospects **, and / or our stock price** . **In September 2021, we received a subpoena from the SEC, Division of Enforcement, in a matter captioned In the Matter of Torchlight Energy Resources, Inc. The subpoena requested that we produce certain documents and information related to, among other things, the merger involving Torchlight Energy Resources, Inc. and Metamaterial Inc. (the " Investigation "). On July 20, 2023, the enforcement staff of the SEC provided us, our former Chief Executive Officer, John Brda, and our then current Chief Executive Officer, George Palikaras, with " Wells Notices " relating to the Investigation. The Wells Notices each state that the SEC staff has made a preliminary determination to recommend that the SEC file a civil enforcement action against the recipients alleging violations of certain provisions of the U. S. federal securities laws. Specifically, the Wells Notice received by the Company states that the proposed action would allege violations of Section 17 (a) of the Securities Act; Sections 10 (b), 13 (a), 13 (b) (2) (A), 13 (b) (2) (B) and 14 (a) of the Exchange Act of 1934 and Rules 10b- 5 and 14a- 9 thereunder; and Regulation FD. Although a Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law, it is a formal notice that the SEC intends to bring an enforcement action against the recipient. If the SEC were to authorize an action against us and / or any of the individuals named above, it could seek an injunction against future violations of provisions of the federal securities laws, the imposition of civil monetary penalties, and other equitable relief within the SEC' s authority. The SEC could also seek an order barring the individuals from serving as an officer or director of a public company. In addition, the SEC could seek disgorgement of an amount from us that may exceed our ability to pay. We have made an offer of settlement to the Staff of the SEC' s Division of Enforcement (the " Proposed SEC Settlement ") to resolve the matter. The Proposed SEC Settlement is subject to approval by the SEC Commissioners. We cannot predict whether or when the Proposed SEC Settlement will be approved. If the Commissioners approve the Proposed SEC Settlement, the Commission will enter a cease- and- desist order (the " Order ") in connection with certain antifraud, reporting, books and records, and internal accounting control provisions of the securities laws. Under the terms of the Proposed SEC Settlement, we would neither admit nor deny the findings in the Order. If approved, in connection with the Proposed SEC Settlement, we will pay a civil money penalty in an amount of $ 1. 0 million in four (4) installments over the period of one (1) year pursuant to an agreed upon payment plan. We recorded the $ 1. 0 million in Accruals and other payables in the audited Consolidated Balance** ~~See~~ **Sheet as of December 31, 2023. We are exposed to various risks related to the regulatory environment. We are subject to various risks related to: (1) new, different, inconsistent or even conflicting laws, rules and regulations that may be enacted by legislative bodies and / or regulatory agencies in the countries in which we operate; (2) disagreements or disputes between national or regional regulatory agencies; and (3) the interpretation and application of laws, rules and regulations. If we are found by a court or regulatory agency not to be in compliance with applicable laws, rules or regulations, our business, financial condition and results of operations could be materially and adversely affected. The scope, determination, and impact of claims, lawsuits, government and regulatory investigations, enforcement actions, disputes, and proceedings to which we are subject cannot be predicted with certainty, and may result in: substantial payments to satisfy judgments, fines, or penalties; substantial outside counsel, advisor, and consultant fees and costs; substantial administrative costs, including arbitration fees; additional compliance and licensure requirements; loss or non- renewal of existing licenses or authorizations, or prohibition from or delays in obtaining additional licenses or authorizations, required for our business; loss of productivity and high demands on employee time; criminal sanctions or consent decrees; termination of certain employees, including members of our executive team; barring of certain employees from participating in our business in whole or in part; orders that restrict our business or prevent us from offering certain products or services; changes to our business model and practices; delays to planned transactions, product launches or improvements; and damage to our brand and reputation. We may be affected by environmental laws and regulations. We are subject to a variety of laws, rules and regulations related to the use, storage, handling, discharge and disposal of certain chemicals and gases used in our manufacturing process. Any of those regulations could require us to acquire expensive equipment or to incur substantial other expenses to comply with them. If we incur substantial additional expenses, product costs could significantly increase. Failure to comply with**

present or future environmental laws, rules and regulations could result in fines, suspension of production or cessation of operations. Future sales and issuances of a substantial number of shares of our common stock or rights to purchase common stock by our stockholders in the public market could result in additional dilution of the percentage ownership of our stockholders and cause our stock price to fall. If our stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. We have and may continue to issue equity, convertible securities or other securities to investors in public and private offerings. In addition, we currently have effective resale shelf registration statements which enable the selling stockholders thereunder to sell shares in the public market pursuant thereto. We also have outstanding as of December 31, 2023, 1, 974, 280 warrants to purchase 1, 974, 280 shares of our common stock at a weighted average exercise price of $ 23. 66 per share. These warrants include 828, 070 warrants issued in the April 2023 registered direct offering with an exercise price of $ 37. 50 per share which is subsequently reduced to $ 7. 60 per share based on the down round provision in the case of a Share Combination Event or a Dilutive Issuance as described in more detail in Note 11, Capital Stock, in the notes to the Consolidated Financial Statements in Part ~~1~~ **II** , Item **8 of** ~~3," Legal Proceedings" in~~ this Annual Report **. The down round provision of the warrants issued in April 2023 allows the warrants holder to obtain our common stock with a lower price, which may cause significant dilution to existing stockholders, and otherwise have a material adverse effect** on ~~Form 10- K~~ **us. The warrants outstanding as of December 31, 2023 also include 750, 000 warrants issued in the December 2023 registered direct offering with an exercise price of $ 9. 50 per share. 1, 195, 020 warrants are eligible** for **exercise as of December 31, 2023** ~~more information regarding the SEC' s investigation . Risks Related~~ **Further, we issued warrants** to ~~our~~ **purchase up to an aggregate of 850, 000 shares of** Common Stock ~~You may experience~~ **in a registered direct offering in February 2024 (the " February 2024 Offering ") which is exercisable at a price of $ 3. 91 per share any time on or after the date of the issuance of the warrants. On September 11, 2023, we entered into a purchase agreement with Lincoln Park, which provides that, upon the terms and subject to the conditions and limitations set forth therein, we will have the right, but not the obligation, to sell to Lincoln Park up to $ 50 million of our common stock over a term of 30 months, subject to shares being available for issuance under our articles of incorporation, which currently are not available. Any sale of shares to Lincoln Park pursuant to the terms of the purchase agreement will have a dilutive effect on the existing stockholders, including the voting power and economic rights of the existing stockholders. Further, additional capital will be needed in the** future ~~dilution as~~ **to continue our planned operations, including commercialization efforts, expanded research and development activities and costs associated with operating** a ~~result of future equity offerings~~ **public company. To raise capital, contingent upon receiving stockholder approval for an increase in authorized shares, we may sell common stock, convertible securities** or other equity **securities** ~~issuances. We will have to raise additional capital~~ in ~~the future. To raise additional capital~~ **one or more transactions at prices and in a manner** , we ~~may in the future offer additional shares of our~~ **determine from time to time. If we sell** common stock **, convertible securities** or other **equity** securities ~~convertible into~~ **, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to** ~~or~~ **our** ~~exchangeable for~~ **existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of** our common stock ~~at prices~~ **. Additional issuances and sales of our common stock, including shares of our common stock available for issuance to our employees, directors and consultants, or a perception** that ~~may~~ **such shares will** be ~~lower than~~ **sold in** the **public market, could result in additional dilution and the trading** price **of** ~~you paid per share. In addition, investors purchasing shares or~~ **our common stock could decline. If we fail to continue to meet** ~~other~~ -- **the** ~~securities in the future~~ **listing standards of Nasdaq, our common stock may be delisted, which** could have rights superior to those of other investors..... we might not be able to yield a **material adverse effect** ~~significant return, if any,~~ on ~~our investment of those~~ -- **the** ~~net proceeds. Stockholders will not have the opportunity to influence our decisions on how to use our net proceeds from our capital raises. Pending their use, we may invest the net proceeds from our capital raises in interest and non- interest- bearing cash accounts, short- term, investment- grade, interest- bearing instruments and U. S. government securities. These temporary investments are not likely to yield a significant return. An active, liquid~~ **liquidity of** ~~and orderly trading market may not be sustained for~~ our common stock **. Our** ~~, and, as a result, it may be difficult for you to sell your shares of our~~ common stock ~~.~~ **is listed on** The ~~trading market for our common stock on the~~ Nasdaq Capital Market ~~may not be sustained. If the market for our common stock is not sustained , it may be difficult for you to sell your shares of common stock at an~~ **and in order to maintain** ~~attractive price or at all. We cannot predict the prices at which our common stock will trade. It is possible~~ that **listing** ~~in one or more future periods our results of operations may not meet the expectations of public market analysts and investors , we must and, as a result of these and other factors, the price of our common stock may fall. Our failure to~~ satisfy ~~certain~~ **applicable** Nasdaq **continued** listing requirements ~~may result in our common stock being delisted from the Nasdaq Capital Market, which could eliminate the trading market for our common stock . On March 20, 2023, we received written notice (" The Bid Price Letter ") from~~ **inability to comply with applicable listing requirements or standards of** The Nasdaq Stock Market LLC (" Nasdaq ") ~~indicating~~ **could result in the delisting of our common stock, which could have a material adverse effect on our financial condition and could cause the value of our common stock to decline. Delisting of our common stock could also adversely affect our ability to raise additional financing, could significantly affect the ability of our investors to trade our securities and could negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees and fewer business development opportunities. On March 20, 2023, we received a notification letter from Nasdaq notifying us** that **, because the closing bid price for our common stock was below $ 1. 00 per share for 30 consecutive trading days,** we ~~are~~ **were** not in compliance with the ~~$ 1. 00~~ minimum bid price requirement for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550 (a) (2) (the " **Minimum** Bid Price ~~Rule~~ **Requirement** "). In accordance with Nasdaq Listing Rule 5810 (c) (3) (A), we **were provided** ~~have a period of~~ 180 calendar days, or until September 18, 2023, to regain

compliance with the **Minimum** Bid Price ~~Rule~~ **Requirement** . ~~To~~ **On September 19, 2023, Nasdaq further notified the Company we were eligible for an additional 180 calendar day period, or until March 18, 2024, to** regain compliance **. Further** , ~~the~~ **on November 27, 2023, we received a notification letter from Nasdaq notifying us that our Common Stock had a** closing bid price of ~~our common stock must meet or exceed~~ $ ~~1~~ **0** . ~~00 per share~~ **10 or less** for ~~a minimum of~~ ten consecutive ~~business~~ **trading** days ~~during this 180- day period. The Bid Price Letter was a notice of deficiency, not delisting,~~ and ~~does not currently affect the~~ **that, consistent with Nasdaq** ~~listing~~ **Listing** ~~or trading~~ **Rule 5810 (c) (3) (A) (iii), the staff** of ~~shares of our~~ **Nasdaq had determined to delist the** ~~common~~ **Common** ~~stock~~ **Stock** ~~on~~ **from** The Nasdaq Capital Market, **subject to the request of a hearing. On November 28, 2023, we timely submitted a request for a hearing before the Nasdaq Hearings Panel to appeal the delisting determination,** which **was granted by** ~~continues to trade under~~ the ~~symbol " MMAT~~ **Nasdaq Hearings Panel and a hearing was originally scheduled to occur on March 21, 2024 (subsequently changed to February 22, 2024)** . ~~"~~ **On February 12, 2024, we received a letter from Nasdaq notifying us that we had regained compliance with the Minimum Bid Price Requirement, and consequently, the previously scheduled hearing was cancelled by the Nasdaq Hearings Panel.** We ~~intend~~ **are currently in full compliance with Nasdaq listing requirements. Additionally, we may be unable** to **meet** ~~continue actively monitoring the~~ **other** ~~closing bid price~~ **applicable Nasdaq listing requirements, including maintaining minimum levels** of ~~shares~~ **market value** of our common stock ~~and may~~ **in which case, our common stock could be delisted. As noted above** , if **our common stock were** ~~appropriate, consider implementing available options~~ to ~~regain~~ **be delisted, the liquidity of our common stock would be adversely affected, and the market price of our common stock could decrease. There is no assurance we will maintain** compliance with **Nasdaq listing requirements in the future. Our management will have broad discretion in the application of the net proceeds from our capital raises, and our stockholders will not have the opportunity as part of** ~~the~~ **their** ~~Bid Price Rule~~ **rights superior to those of other investors.Any such issuance could result in substantial dilution to investors.Subject to various spending levels approved by our board of directors,our management will have broad discretion in the use of the net proceeds from our capital raises and may not use them effectively.Our management will have broad discretion in the application of the net proceeds from our capital raises,and our stockholders will not have the opportunity as part of their** investment decision to assess whether the net proceeds from our capital raises are being used appropriately.Because of the number and variability of factors that will determine our use of the net proceeds from our capital raises,their ultimate use may vary substantially from their currently intended use.You may not agree with our decisions,and our use of the proceeds from our capital raises may not yield any return to stockholders.Our failure to apply the net proceeds of our capital raises effectively could compromise our ability to pursue our growth strategy and we might not be able to yield ~~a significant return,if any,on our investment of those net proceeds.Stockholders will not have the opportunity to influence our decisions on how to use our net proceeds from our capital raises.Pending their use,we may invest the net proceeds from our capital raises in interest and non-interest- bearing cash accounts,short- term,investment- grade,interest- bearing instruments and U.S.government securities.These temporary investments~~ . If ~~we do~~ **the market for our common stock is** not **sustained** ~~regain compliance within the allotted compliance periods~~ , **it** ~~including any extensions that~~ may be ~~granted by Nasdaq, Nasdaq will provide notice that~~ **difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which** our common stock will **trade** ~~be subject to delisting~~ . **It is possible** ~~We would then be entitled to appeal~~ that **in** ~~determination to a Nasdaq hearings panel. If the stock is delisted, we may trade on~~ **one or more future periods our results of operations may not meet** the **expectations of public** ~~over- the- counter~~ market **analysts** ~~, or even in the pink sheets, which would significantly decrease the liquidity of an~~ **and** ~~investment in~~ **investors, and, as a result of these and other factors, the price of** our common stock ~~. In addition, the stock~~ may **fall** ~~be deemed to be penny stock. If our common stock is considered penny stock, we would be subject to rules that impose additional sales practices on broker- dealers who sell our securities. For example, broker- dealers would have to make a special suitability determination for the purchaser and have received the purchaser' s written consent to the transaction prior to sale. Also, a disclosure schedule must be prepared prior to any transaction involving a penny stock and disclosure is required about sales commissions payable to both the broker- dealer and the registered representative and current quotations for the securities. Monthly statements are also required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock. Because of these additional obligations, some brokers may be unwilling to effect transactions in penny stocks. This could have an adverse effect on the liquidity of our common stock and the ability of investors to sell the common stock~~ . If equities or industry analysts do not publish research or reports about our company, or if they issue adverse or misleading opinions regarding us or our stock, our stock price and trading volume could decline. The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. If no or few analysts commence coverage of us or if such coverage is not maintained, the market price for our stock may be adversely affected. Our stock price also may decline if any analyst who covers us issues an adverse or erroneous opinion regarding us, our business model, our intellectual property or our stock performance, or if our operating results fail to meet analysts' expectations. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline and possibly adversely affect our ability to engage in future ~~financings~~ **financing** . The market price of our common stock has been and may continue to be volatile, and the value of your investment could decline significantly. The trading price of our common stock has been and is likely to continue to be volatile. The trading price of our common stock since June 28, 2021 (the date of completion of the Arrangement) up to ~~March 17~~ **December 31** , 2023, has ranged from a high of $ ~~7~~ **997** . ~~96~~ **00** to a low of $ ~~0~~ **2** . ~~48~~ **64 (as adjusted for the January 2024 Reverse Stock Split)** . Factors that have caused, and could continue to cause, fluctuations in the trading price of our common stock include, but are not limited to, the following: ~~•~~ sales of our common stock, or securities exercisable for or convertible into our common stock, or the perception that such sales or conversions could occur in the future; ~~•~~ the impact of **public health crises, such as** the COVID- 19 pandemic ~~and other~~

~~public health crises~~ , including on macroeconomic conditions and our business, results of operations and financial condition; ~~•~~ price and volume fluctuations in the overall stock market from time to time; ~~•~~ changes in operating performance, stock market valuations and volatility in the market prices of other industry peers; ~~•~~ actual or anticipated quarterly variations in our results of operations or those of our competitors; ~~•~~ actual or anticipated changes in our growth rate relative to our competitors; ~~•~~ announcements by us or our competitors of acquisitions, new products, significant contracts, commercial relationships or capital commitments; ~~•~~ manufacturing, labor or supply interruptions; ~~•~~ developments with respect to intellectual property rights; ~~•~~ developments with respect to litigation; ~~•~~ our ability to develop and market new and enhanced products on a timely basis; ~~•~~ commencement of, or our involvement in, litigation; ~~•~~ major changes in our board of directors or **key** management; ~~•~~ changes in governmental regulations or in the status of our regulatory approvals; ~~•~~ actual or perceived privacy, data protection or cybersecurity breaches or incidents; ~~•~~ the trading volume of our common stock; ~~•~~ failure of financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow us, or our failure to meet these estimates or the expectations of investors; ~~•~~ fluctuations in the values of companies perceived by investors to be comparable to and peers of us; ~~•~~ the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections; and ~~•~~ general economic conditions and slow or negative growth of related markets. The stock market in general, and market prices for the securities of similar companies in particular, have from time to time experienced volatility that often has been unrelated to the operating performance of the underlying companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance, which might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. In several recent situations when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and materially adversely affect our results of operations. We currently have ongoing lawsuits. See Part 1, Item 3," Legal Proceedings" in this Annual Report ~~on Form 10- K~~ **and Note 27, Commitments and Contingencies, in the notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report** for more information regarding these lawsuits and the SEC' s investigation ~~. Future sales and issuances of a substantial number of shares of our common stock or rights to purchase common stock by our stockholders in the public market could result in additional dilution of the percentage ownership of our stockholders and cause our stock price to fall. If our stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. We have and will continue to issue equity, convertible securities or other securities to investors in public and private offerings. In addition, we currently have effective resale shelf registration statements which enable the selling stockholders thereunder to sell shares in the public market pursuant thereto. We also have outstanding as of December 31, 2022, warrants to purchase 39, 920, 919 shares of our common stock at a weighted average exercise price of $ 1. 93 per share. These warrants include 37, 037, 039 warrants issued in the June 2022 registered direct offering with an exercise price of $ 1. 75 per share that are now eligible for exercise, and, if exercised, will have a dilutive effect on the percentage ownership held by holders of our common stock. Further, additional capital will be needed in the future to continue our planned operations, including commercialization efforts, expanded research and development activities and costs associated with operating a public company. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner, we determine from time to time. If we sell common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our common stock. Additional issuances and sales of our common stock, including shares of our common stock available for issuance to our employees, directors and consultants, or a perception that such shares will be sold in the public market, could result in additional dilution and the trading price of our common stock could decline. We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock~~ . Our board of directors is authorized, without further stockholder action, and subject to Nasdaq rules, to issue preferred stock in one or more series and to designate the dividend rate, voting rights and other rights, preferences and restrictions of each such series. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. Also, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock. Anti- takeover provisions in our articles of incorporation and bylaws, as amended, as well as provisions in Nevada law, might discourage, delay, or prevent a change of control of us or changes in our management and, therefore, depress the trading price of our securities. Our articles of incorporation and bylaws, as amended, as well as provisions in Nevada law, contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board. Our corporate governance documents include provisions: ~~•~~ authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock; ~~•~~ limiting the liability of, and providing indemnification to, our directors, including provisions that require us to advance payment for defending pending or threatened claims; ~~•~~ limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting; ~~•~~ controlling the procedures for the conduct and scheduling of board and stockholder meetings; ~~•~~ limiting the determination of the number of directors on our board and the filling of vacancies or newly created seats on the board to our ~~Board~~ **board** then in office; and ~~•~~ providing that directors may be removed by stockholders at any time. These provisions, alone or together, could delay hostile takeovers and changes in control or changes in our management. As a Nevada corporation, we are also subject to provisions of Nevada corporate law, including Section 78. 411, et seq. of the Nevada Revised Statutes, which, among other things, prohibits a publicly- held Nevada corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the

last two years has owned, 10 % of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner, and, unless otherwise provided in our articles of incorporation or by- laws, restricts the ability of an acquiring person to obtain a controlling interest of 20 % or more of our voting shares. Our articles of incorporation and by- laws, as amended, do not contain any provision which would currently keep the change of control restrictions of Section 78. 378 from applying to it. The existence of the foregoing provisions and anti- takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the likelihood that our stockholders could receive a premium for their common stock in an acquisition. We are a smaller reporting company. We cannot be certain whether the reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors or otherwise limit our ability to raise additional funds. As of December 31, ~~2022~~ **2023** , we are a " smaller reporting company " under applicable U. S. securities regulations. A smaller reporting company is a company that, as of the last business day of its most recently completed second fiscal quarter, has (i) an aggregate market value of the company' s voting stock held by non- affiliates, or public float, of less than $ 250 million or (ii) less than $ 100 million in revenue and less than $ 700 million in public float. In addition, **as** a smaller reporting company ~~is~~ **, we are** able to provide simplified executive compensation disclosures in our filings and ~~has~~ **have** certain other reduced disclosure obligations in our SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. Reduced disclosure in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects. We have not paid cash dividends in the past and have no immediate plans to pay **cash** dividends. Our current plan is to reinvest earnings, if any, to cover operating costs and otherwise remain competitive. We do not plan to pay any cash dividends with respect to our securities in the foreseeable future. We cannot assure you that we would, at any time, generate sufficient surplus cash that would be available for distribution to the holders of our common stock as a dividend. Therefore, you should not expect to receive cash dividends on our common stock. General Risk Factors We are exposed to fluctuations in currency exchange rates. ~~Our~~ **A majority of our** revenues ~~and expenses~~ are denominated in U. S. dollars **which** ~~, Canadian dollars, EURO, and Great British Pounds, and therefore~~ are **recognized in the entity located outside of the United States whereas most of cost of revenue and operating expenses incurred in our foreign subsidiaries are denominated in foreign currencies, resulting in a considerable** ~~exposed~~ **exposure** to ~~significant~~ **the volatility of foreign** currency exchange ~~fluctuations~~ **rates** . Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U. S. dollar, the Canadian dollar and the British Pound may have a material adverse effect on our business, financial condition, and operating results. We may, in the future, establish a program to hedge a portion of our foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. With appropriate risk management and oversight this may be able to offset future risk, however a hedging strategy will result in additional operating costs. **Uncertain global macroeconomic conditions could adversely affect our results of operations and financial condition. Uncertain global macroeconomic conditions that affect the economy and the economic outlook of the United States, Canada, Europe, UK and other parts of the world could adversely affect our customers and vendors, which could adversely affect our results of operations and financial condition. These uncertainties, including, among other things, sovereign and foreign bank debt levels, the inability of national or international political institutions to effectively resolve economic or budgetary crises or issues, trade disputes or changes in trading rules and tariffs between nations, consumer confidence, unemployment levels, interest rates, availability of capital, fuel and energy costs, tax rates, and the threat or outbreak of terrorism or public unrest, could adversely impact our customers and vendors, which could adversely affect us. Recessionary conditions and depressed levels of consumer and commercial spending may cause customers to reduce, modify, delay or cancel plans to purchase our products and may cause vendors to reduce their output or change their terms of sales. We generally sell products to customers with credit payment terms. If customers' cash flow or operating or financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, they may not be able to pay, or may delay payment to us. Likewise, for similar reasons vendors may restrict credit or impose different payment terms. Any inability of current or potential customers to pay us for our products or any demands by vendors for different payment terms may adversely affect our results of operations and financial condition.** Operating as a public company requires us to incur substantial costs and requires substantial management attention ~~. In addition, certain members of our management team have limited experience managing a public company~~ . As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Stock Market. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business, financial condition and results of operations. We are also required to maintain effective disclosure controls and procedures and internal control over financial reporting. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs and increase demand on our systems. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors. **Our results** ~~Additionally, certain members~~ of **operations could vary as a result of the methods, estimates, and judgments that we use in applying** our ~~management team~~ **accounting policies. The methods, estimates, and judgments that we use in applying our accounting policies** have ~~limited experience managing~~ a **significant impact on** ~~publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public~~

~~companies. Our management team may not successfully or~~ **our** ~~efficiently manage our transition to being a public company~~ **results of operations (see " Critical Accounting Policies and Estimates " in Part II, Item 7 of this Annual Report). Such methods, estimates and judgments are, by their nature,** subject to ~~significant regulatory oversight~~ **substantial risks, uncertainties** and ~~reporting obligations under~~ **assumptions, and factors may arise over time that lead us to change our methods, estimates and judgments. Changes in** ~~the~~ **those** ~~federal securities laws~~ **methods, estimates** and **judgments** ~~the continuous scrutiny of securities analysts and investors. These obligations and constituents will require significant attention from our senior management and~~ could **significantly affect** ~~divert their attention away from the day- to- day management of~~ our ~~business~~ **results of operations. We have ongoing environmental costs** , which could **have a material adverse effect on our financial position or results of operations. Certain of our operations and assets are subject to extensive environmental, health and safety regulations, including laws and regulations related to waste disposal and remediation of contaminated sites. The nature of our operations and products, including the raw materials we handle, exposes us to the risk of liabilities, obligations or claims under these laws and regulations due to the production, storage, use, transportation and sale of materials that can** adversely **impact the environment or cause personal injury, including, in the case of chemicals, unintentional releases into the environment. Environmental laws may have a significant** ~~affect~~ **effect on the costs of use, transportation and storage of raw materials and finished products, as well as the costs of storage, transportation and disposal of wastes. The ultimate costs and timing of environmental liabilities are difficult to predict. Liabilities under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. One liable party could be held responsible for all costs at a site, regardless of fault, percentage of contribution to the site** ~~our~~ **or** ~~business~~ **the legality of the original disposal. We could incur significant costs** , ~~financial condition~~ **including clean- up costs, natural resource damages, civil or criminal fines** and **sanctions and third- party lawsuits claiming, for example, personal injury and / or property damage, as a** ~~results~~ **result** of **past or future violations of, or liabilities under, environmental or other laws. In addition, future events, such as changes to or more rigorous enforcement of environmental laws, could require us to make additional expenditures, modify or curtail our** operations **and / or install additional pollution control equipment** . ~~Increased~~ **It is possible that regulatory agencies may enact new or more stringent clean- up standards for chemicals of concern, including chlorinated organic products that we manufacture. This could lead to expenditures for environmental remediation in the future that are additional to existing estimates.** ~~scrutiny~~ **Scrutiny** of our environmental, social and governance responsibilities and practices may result in additional costs, liability risks, and may adversely impact our reputation, our ability to attract and retain a skilled workforce and willingness of customers and suppliers to do business with us. **Certain** ~~Investor~~ **investor** advocacy groups, institutional investors, proxy advisory services, stockholders, government, regulators, employees, customers and other stakeholders **remain** ~~are increasingly~~ focused on environmental, social and governance (" ESG ") practices of companies. Additionally, public interest and legislative pressure related to public companies' ESG practices continues ~~to grow~~ . If our ESG practices fail to meet regulatory requirements or investor or other stakeholders' evolving expectations and standards for responsible business practices in numerous areas, including climate change and greenhouse gas emissions, environmental stewardship, support for communities where we operate, human and civil rights, director and employee diversity, human capital management, employee health and safety practices, product quality and safety, data security, supply chain management, regulatory compliance **,** corporate governance and transparency and employing ESG strategies within business operations, our brand, reputation and employee retention may be negatively impacted and customers and suppliers may be unwilling to do business with us. As we work to align our ESG practices with industry standards, we will be dealing with uncertainties and risks resulting from the forward- looking nature of many ESG issues, In addition, we will continue to expand our disclosures in these areas and doing so may result in additional costs and require additional resources to monitor, report, and comply with our various ESG practices. If we fail to adopt ESG standards or practices as quickly as stakeholders desire, report on our ESG efforts or practices accurately, or satisfy the expectations of stakeholders, our reputation, business, financial performance and growth may be adversely impacted.