

Risk Factors Comparison 2025-03-27 to 2024-03-25 Form: 10-K

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

Investing in our securities involves risks. Before making an investment decision, you should carefully consider the risks described below. Any of these risks could result in a material adverse effect on our business, financial condition, results of operations, or prospects, and could cause the trading price of our securities to decline, resulting in a loss of all or part of your investment. The risks and uncertainties described below are not the only ones we face, but represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. Unless otherwise stated, all dollar amounts are in thousands. Summary Risk Factors

Risks Related to our Business and Industry

- Macroeconomic fluctuations may harm our business, results of operations and stock price
- Our variable rate indebtedness subjects us to interest rate risk and could cause our debt service obligations to increase significantly.
- We are dependent on a single line of business.
- Our operating results may vary significantly from period to period.
- A relatively small number of customers account for a significant portion of our revenues and accounts receivable, and the loss of any of these customers, a decrease in their demand for our products, or their insolvency could have a material effect on our results of operations or liquidity.
- Our order backlog may not be indicative of future revenues and may fluctuate from period to period.
- Our future rate of growth and profitability are highly dependent on the development and growth of the aerospace and defense, space, avionics, instrumentation and industrial markets, which can be cyclical.
- The market share of our customers in the aerospace and defense, space, avionics, instrumentation and industrial markets may change over time, reducing the potential value of our relationships with our existing customer base.
- We may make acquisitions that are not successful, or we may fail to integrate acquired business into our operations properly.
- If we are unable to introduce innovative products, demand for our products may decrease.
- Our markets are highly competitive, and we may lose business to larger and better- financed competitors.
- Our success depends on our ability to retain key management and technical personnel and attracting, retaining, and training new technical personnel.
- We purchase certain key components and raw materials from single or limited sources and could lose sales if these sources fail to fulfill our needs for any reason.
- As a supplier to United States government defense contractors, we are subject to a number of procurement regulations and other requirements and could be adversely affected by changes in regulations or any negative findings from a U. S. government audit or investigation.
- Our products are complex and may contain errors or design flaws, which could be costly to correct.
- Future changes in our environmental liability and compliance obligations may increase costs and decrease profitability.
- We have significant international operations and sales to customers outside of the United States that subject us to certain business, economic and political risks.
- We rely on information technology systems to conduct our business, and disruption, failure or security breaches of these systems could adversely affect our business and results of operations.
- Cybersecurity risks and cybersecurity incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and / or damage to our business relationships, all of which could negatively impact our financial results
- If we fail to correct any material weakness that we identify in our internal control over financial reporting or otherwise fail to maintain effective internal control over financial reporting, we may not be able to report our financial results accurately and timely, in which case our business may be harmed, investors may lose confidence in the accuracy and completeness of our financial reports and the price of our common stock may decline.

Risks Related to Our Securities

- The price of our common stock has fluctuated considerably and is likely to remain volatile, in part due to the limited market for our common stock.
- Our officers and directors have significant voting power and may vote their shares in a manner that is not in the best interest of other stockholders.
- Provisions in our corporate charter documents and under Delaware law could make an acquisition of the Company more difficult, which acquisition may be beneficial to our stockholders.

Risks Related to the Separation

- As a result of the Separation, certain of our directors and officers may have actual or potential conflicts of interest because of their positions or relationships with LGL Group.
- LGL Group continues to perform functions for us, and we continue to perform functions for LGL Group, on a transitional basis, and as a result, we may experience operational disruptions and incur significant costs to perform these functions ourselves following the transition period or be subject to claims and liability.
- We are subject to significant restriction on our actions in order to avoid triggering significant tax- related liabilities.
- If the Separation does not qualify as tax- free United States federal income tax purposes as a result of a breach by us of any covenant or representation made by us in the Tax Agreement, we could be subject to significant liability.

Risks Related to Our Business and Industry

Macroeconomic fluctuations may harm our business, results of operations and stock price. Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, trade policies, levels of consumer and business confidence, commodity prices and availability, inflationary pressure, exchange rates, levels of government spending and deficits, political conditions, and other challenges that could affect the global economy including impacts associated with the continuing developments in the war against Ukraine and sanctions which have been announced by the United States and other countries against Russia, which have caused significant uncertainty, adding to continuing concerns about supply chain disruptions, inflation and increases in interest rates in the markets in which we operate. Similar geopolitical tensions and political and / or armed conflicts, including tensions between the U. S. and China, China and Taiwan, and the conflict between

Israel and Palestine could adversely impact our financial performance and global operations. Such conditions could have an adverse impact on our flexibility to react to changing economic and business conditions and on our ability to fund our operations. In addition, restrictions on credit availability could adversely affect the ability of our customers to make payments. Similarly, credit restrictions may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress. ~~Inflation and rising interest rates may adversely affect our financial condition and results of operations. During 2023, inflation in the United States moderated but, as of the date of this Report, is expected to continue at an elevated level in the near term. Elevated inflation may have an adverse impact on our Loan Agreement (as defined in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report below) and general and administrative expenses, as these costs could increase at a rate higher than our revenue. The U. S. Federal Reserve raised the federal funds rate a total of four times throughout 2023, with its most recent increase in July of 2023, resulting in a range from 5.25 % to 5.50 % as of December 31, 2023. Although there are expectations that the U. S. Federal Reserve will begin reducing the federal funds rate in 2024, these expectations may not materialize. Should the U. S. Federal Reserve continue to raise rates in the future to, among other things, control inflation, or if rates continue at an elevated level, to the extent our exposure to increases in interest rates is not eliminated through interest rate swaps or other protection agreements, such elevated rates may result in higher debt service costs, which would adversely affect our cash flows.~~ Our variable rate indebtedness subjects us to interest rate risk and could cause our debt service obligations to increase significantly. Amounts outstanding under our Loan Agreement would bear interest at the Secured Overnight Financing Rate ("SOFR") plus a margin of 2.25 %, with a SOFR floor of 0.00 %. Variable rate borrowings expose us to potential increased interest expense in a rising interest rate environment, if we utilize the line of credit. If interest rates were to increase, our debt service obligations on variable rate indebtedness would increase even though the amount borrowed remained the same, which could adversely affect our cash flows. As of December 31, ~~2024 and 2023 and 2022~~, we had no outstanding balances under the line of credit. ~~We are dependent on a single line of business.~~ We are engaged only in the design, manufacture and marketing of standard and custom-engineered electronic components that are used primarily for the control of frequency and spectrum of signals in electronic circuits. Virtually all of our ~~2024 and 2023 and 2022~~ revenues came from sales of electronic components, which consist of packaged quartz crystals, oscillator modules, electronic filters and integrated modules. Given our reliance on this single line of business, any decline in demand for this product line or failure to achieve continued market acceptance of existing and new versions of this product line may harm our business and our financial condition. Additionally, unfavorable market conditions affecting this line of business would likely have a disproportionate impact on us in comparison with certain competitors, who have more diversified operations and multiple lines of business. Should this line of business fail to generate sufficient sales to support ongoing operations, there can be no assurance that we will be able to develop alternate business lines. ~~Our operating results vary significantly from period to period.~~ We experience fluctuations in our operating results. Some of the principal factors that contribute to these fluctuations include changes in demand for our products; our effectiveness in managing manufacturing processes, costs and inventory; our effectiveness in engineering and qualifying new product designs with our OEM customers and in managing the risks associated with offering those new products into production; changes in the cost and availability of raw materials, which often occur in the electronics manufacturing industry and which affect our margins and our ability to meet delivery schedules; macroeconomic and served industry conditions; and events that may affect our production capabilities, such as labor conditions and political instability. In addition, due to the prevailing economic climate and competitive differences between the various market segments which we serve, the mix of sales between our aerospace and defense, space, avionics, industrial and instrumentation market segments may affect our operating results from period to period. Our revenues and operating results are highly dependent on the development and growth of demand for our products in the aerospace and defense, space, avionics, instrumentation and industrial markets, which are cyclical. We cannot be certain whether we will generate sufficient revenues or sufficiently manage expenses to sustain profitability. ~~A-7A~~ relatively small number of customers account for a significant portion of our revenues and accounts receivable, and the loss of any of these customers, a decrease in their demand for our products, or their insolvency could have a material adverse effect on our results of operations or liquidity. ~~For the year ended December 31, 2023-2024~~, our largest ~~and second largest~~ customer ~~customers~~ accounted for ~~31-37.0 % and 17.4 %~~ of the Company's total revenues, ~~respectively~~. ~~The Company's second largest customer in 2023 accounted for 19.0 % of the Company's total revenues.~~ Additionally, as of December 31, ~~2023-2024~~, four of our largest customers accounted for approximately ~~76-66.42 %~~ of our gross accounts receivable balance. The loss of any of these customers, a decrease in their demand for our products, or the insolvency of any of these customers could have a material adverse effect on our results of operations or liquidity. ~~Our order backlog may not be indicative of future revenues.~~ Our order backlog is comprised of orders that are subject to specific production release, including orders under contracts, and purchase orders. Our customers may order products from multiple sources to ensure timely delivery when backlog is particularly long and may cancel or defer orders without significant penalty. They also may cancel orders when business is weak, and inventories are excessive. As a result, we cannot provide assurances as to the portion of backlog orders to be filled in any given year, and our order backlog as of any particular date may not be representative of actual revenues for any subsequent period. ~~Our future rate of growth and profitability are highly dependent on the development and growth of the aerospace and defense, space, avionics, instrumentation and industrial markets, which are cyclical.~~ In ~~2024 and 2023 and 2022~~, the majority of our revenues were derived from sales to manufacturers of equipment for the aerospace and defense, space, avionics, instrumentation and industrial markets for frequency and spectrum control devices, including indirect sales through distributors and contract manufacturers. During ~~2024-2025~~, we expect a significant portion of our revenues to continue to be derived from sales to these manufacturers. Often OEMs and other service providers within these markets have experienced periods of capacity shortage and periods of excess capacity, as well as periods of either high or low demand for their products. In periods of excess capacity or low demand, purchases of capital equipment may be curtailed, including equipment that incorporates our products. A reduction in demand for

the manufacture and purchase of equipment for these markets, whether due to cyclical, macroeconomic or other factors, or due to our reduced ability to compete based on cost or technical factors, could substantially reduce our net sales and operating results and adversely affect our financial condition. Moreover, if these markets fail to grow as expected, we may be unable to maintain or grow our revenues. The multiple variables which affect the aerospace and defense, space, avionics, instrumentation and industrial markets for our products, as well as the number of parties involved in the supply chain and manufacturing process, can impact inventory levels and lead to supply chain inefficiencies. As a result of these complexities, we may have limited visibility to forecast revenue projections accurately for the near and medium- term timeframes. ~~The market share of our customers in the aerospace and defense, space, avionics, instrumentation and industrial markets may change over time, reducing the potential value of our relationships with our existing customer base.~~ We have developed long- term relationships with our existing customers, including pricing contracts, custom designs and approved vendor status. If these customers lose market share to other equipment manufacturers in the aerospace and defense, space, avionics, instrumentation and industrial markets with whom we do not have similar relationships, our ability to maintain revenue, margin or operating performance may be adversely affected. We may make acquisitions that are not successful, or we may fail to integrate acquired businesses into our operations properly. We intend to continue exploring opportunities to buy other businesses or technologies that could complement, enhance, or expand our current business or product lines, or that might otherwise offer us growth opportunities. We may have difficulty finding such opportunities or, if such opportunities are identified, we may not be able to complete such transactions for reasons including a failure to secure necessary financing. Any transactions that we are able to identify and complete may involve a number of risks, including: — The diversion of our management' s attention from the management of our existing business to the integration of the operations and personnel of the acquired or combined business or joint venture; — Material business risks not identified in due diligence; — Possible adverse effects on our operating results during the integration process; — Substantial acquisition- related expenses, which would reduce our net income, if any, in future years; — The loss of key employees and customers as a result of changes in management; and — Our possible inability to achieve the intended objectives of the transaction. In addition, we may not be able to integrate, operate, maintain or manage, successfully or profitably, our newly acquired operations or employees. We may not be able to maintain uniform standards, controls, policies and procedures, and this may lead to operational inefficiencies. Any of these difficulties could have a material adverse effect on our business, financial condition, results of operations and cash flows. ~~If we are unable to introduce innovative products, demand for our products may decrease.~~ Our future operating results are dependent on our ability to **continually** develop, introduce and market innovative products ~~continually~~, to modify existing products, to respond to technological change and to customize some of our products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely or cost- effective manner to satisfy customer demand. ~~Our~~ **Our markets are highly competitive, and we may lose business to larger and better- financed competitors.** Our markets are highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. Within the industries in which we compete, competition has become increasingly concentrated and global in recent years. Many of our major competitors, some of which are larger than us, and potential competitors have substantially greater financial resources and more extensive engineering, manufacturing, marketing and customer support capabilities. If we are unable to successfully compete against current and future competitors, our operating results will be adversely affected. Our ~~success depends on our ability to retain key management and technical personnel and attracting, retaining, and training new technical personnel.~~ Our future growth and success will depend in large part upon our ability to recruit highly skilled technical personnel, including engineers, and to retain our existing management and technical personnel. There is a labor shortage in the markets in which we operate which are highly competitive, and some of our operations are not located in highly populated areas. As a result, we may not be able to recruit and retain key personnel. Our failure to hire, retain or adequately train key personnel could have a negative impact on our performance. ~~We purchase certain key components and raw materials from single or limited sources and could lose sales if these sources fail to fulfill our needs for any reason.~~ If single- source components or key raw materials were to become unavailable on satisfactory terms, and we could not obtain comparable replacement components or raw materials from other sources in a timely manner, our business, results of operations and financial condition could be harmed. On occasion, one or more of the components used in our products have become unavailable, resulting in unanticipated redesign and related delays in shipments. Changes in global economic and geopolitical conditions have disrupted supply chains and the ability to obtain components and raw materials around the world for all companies, including us. We cannot give assurance that we will be able to obtain the necessary components and raw materials necessary to conduct our business. In addition, our suppliers may be impacted by compliance with environmental regulations including Restriction of Hazardous Substances in Electrical and Electronic Equipment (" RoHS") and Waste Electrical and Electronic Equipment (" WEEE"), which could disrupt the supply of components or raw materials or cause additional costs for us to implement new components or raw materials into our manufacturing processes. As a supplier to U. S. Government defense contractors, we are subject to a number of procurement regulations and other requirements and could be adversely affected by changes in regulations or any negative findings from a U. S. Government audit or investigation. A number of our customers are U. S. Government contractors. As one of their suppliers, we must comply with significant procurement regulations and other requirements. Under applicable federal regulations for defense contractors, we will be required to comply with the Cybersecurity Maturity Model Certification (**" CMMC "**) program in the next several years and other similar cybersecurity requirements. We also maintain registration under ITAR for certain of our production facilities. One of those production facilities must comply with additional requirements and regulations for its production processes and for selected personnel in order to maintain the security of classified information. These requirements, although customary within these markets, increase our performance and compliance costs. If any of these various

requirements change, our costs of complying with them could increase and reduce our operating margins. To the extent that we are unable to comply with the CMMC or other requirements, our business with the Department of Defense or its prime customers could be at risk. We operate in a highly regulated environment and are routinely audited and reviewed by the U. S. Government and its agencies such as the Defense Contract Audit Agency and Defense Contract Management Agency. These agencies review our performance under our contracts, our cost structure and our compliance with applicable laws, regulations, and standards, as well as the adequacy of, and our compliance with, our internal control systems and policies. Systems that are subject to review include our purchasing systems, billing systems, property management and control systems, cost estimating systems, compensation systems and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed or must be refunded if already reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business as a supplier to contractors who sell products and services to the U. S. Government. In addition, our reputation could be adversely affected if allegations of impropriety were made against us. From time to time, we may also be subject to U. S. Government investigations relating to our or our customers' operations and products and are expected to perform in compliance with a vast array of federal laws, including the Truth in Negotiations Act, the False Claims Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, and the Foreign Corrupt Practices Act. We or our customers may be subject to reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition, or result in a diminution in revenue from our customers, if we or our customers are found to have violated the law or are indicted or convicted for violations of federal laws related to government security regulations, employment practices or protection of the environment, or are found not to have acted responsibly as defined by the law. Such convictions or actions could also result in suspension or debarment from serving as a supplier to government contractors for some period of time. Such convictions or actions could have a material adverse effect on us and our operating results. The costs of cooperating or complying with such audits or investigations may also adversely impact our financial results.

~~Our products are complex and may contain errors or design flaws, which could be costly to correct. When~~ **9**When we release new products, or new versions of existing products, they may contain undetected or unresolved errors or defects. The majority of our products are custom designed for requirements of specific OEM systems. The expected business life of these products ranges from less than one year to more than 10 years depending on the application. Some of the customizations are modest changes to existing product designs while others are major product redesigns or new product platforms. Despite testing, errors or defects may be found in new products or upgrades after the commencement of commercial shipments. Undetected errors and design flaws have occurred in the past and could occur in the future. These errors could result in delays, loss of market acceptance and sales, diversion of development resources, damage to the Company's reputation, product liability claims and legal action by its customers and third parties, failure to attract new customers and increased service costs. ~~Future changes in our environmental liability and compliance obligations may increase costs and decrease profitability.~~

Our present and past manufacturing operations, products, and / or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations. Environmental laws and regulations may cause us to change our manufacturing processes, redesign some of our products, and change components to eliminate some substances in our products in order to be able to continue to offer them for sale. We have ~~significant international operations and sales to customers outside of the United States that subject us to certain business, economic and political risks.~~ **9-5** We have office and manufacturing space in Noida, India, and a sales office in Hong Kong. Additionally, foreign revenues for **2023-2024** (primarily to Malaysia) accounted for **26-22**. **9-5** % of our **2023-2024** consolidated revenues. We anticipate that sales to customers located outside of the United States will continue to be a significant part of our revenues for the foreseeable future. Our international operations and sales to customers outside of the United States subject our operating results and financial condition to certain business, economic, political, health, regulatory and other risks, including but not limited to: **9-5**

— **9-5** Political and economic instability in countries in which our products are manufactured and sold; — **9-5** Expropriation or the imposition of government controls; — **9-5** Responsibility to comply with anti-bribery laws such as the U. S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions; — **9-5** Sanctions, **9-5** tariffs or restrictions on trade imposed **9-5** or proposed by the United States Government; — **9-5** Export license requirements; — **9-5** Trade restrictions; — **9-5** Currency controls or fluctuations in exchange rates; — **9-5** High levels of inflation or deflation; — **9-5** Difficulty in staffing and managing non- U. S. operations; — **9-5** Greater difficulty in collecting accounts receivable and longer payment cycles; — **9-5** Changes in labor conditions and difficulties in staffing and managing international operations; and — **9-5** Limitations on insurance coverage against geopolitical risks, natural disasters and business operations. Additionally, to date, very few of our international revenue and cost obligations have been denominated in foreign currencies. As a result, changes in the value of the United States dollar relative to foreign currencies may affect our competitiveness in foreign markets. We do not currently engage in foreign currency hedging activities, but may do so in the future to the extent that we incur a significant amount of foreign- currency denominated liabilities. **10**We ~~We rely on information technology systems to conduct our business, and~~ **10** disruption, failure or security breaches of these systems could adversely affect our business and results of operations. We rely on information technology (" IT") systems in order to achieve our business objectives. We also rely upon industry accepted security measures and technology to securely maintain confidential information maintained on our IT systems. However, our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber- attacks or other malicious software programs. The failure or disruption of our IT

systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition. Cybersecurity risks and cybersecurity incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and / or damage to our business relationships, all of which could negatively impact our financial results. Our business could be negatively impacted by cybersecurity events and other disruptions. We face various cybersecurity threats, including threats to our IT infrastructure and attempts to gain unauthorized access to our proprietary or classified information, denial- of- service attacks, as well as threats to the physical security of our facilities and employees, and threats from terrorist acts. In addition, we face cybersecurity threats from entities and persons that may seek to target us through our customers, suppliers and other third parties with whom we do business. Many of these cybersecurity threats are increasingly sophisticated and constantly evolving, **especially with the growing prevalence of artificial intelligence**. Accordingly, we maintain information security staff, policies and procedures for managing risk to our information systems, and we review and update our policies, procedures and practices in light of evolving threats. We conduct employee training on cybersecurity to mitigate persistent and continuously evolving cybersecurity threats. However, there can be no assurance that any such actions, including the timeliness of our efforts to review, update or implement policies, procedures and practices in light of evolving threats, or the safeguards put in place by our customers, suppliers and other parties on which we rely, will be sufficient to detect, prevent and mitigate cybersecurity breaches or disruptions, or the unauthorized release of sensitive information or corruption of data. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our investor relationships. As our reliance on technology increases, so will the risks posed to our information systems, both internal and those we outsource. There is no guarantee that any processes, procedures and internal controls we have implemented or will implement will prevent cyber intrusions, which could have a negative impact on our financial results, operations, business relationships or confidential information. Additionally, remote work has become more common among our employees and employees of our third- party service providers and has increased risks to our IT systems and our confidential, proprietary, and sensitive data and that of our third- party service providers as more of those employees utilize network connections, computers, and devices outside of the employer' s premises or network, including working at home, while in transit, and in public locations. Those employees working remotely could expose us and other third- party service providers to additional cybersecurity risks and vulnerabilities as their systems could be negatively affected by vulnerabilities present in external systems and technologies outside of their control. ~~If we fail to correct any material weakness that we identify in our internal control over financial reporting or otherwise fail to maintain effective internal control over financial reporting, we may not be able to report our financial results accurately and timely, in which case our business may be harmed, investors may lose confidence in the accuracy and completeness of our financial reports and the price of our common stock may decline.~~ Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”). We are required to comply with the Sarbanes- Oxley Act of 2002, as amended (the “Sarbanes- Oxley Act”), and other rules that govern public companies. If we identify material weaknesses in our internal control over financial reporting in the future, if we cannot comply with the requirements of the Sarbanes- Oxley Act in a timely manner or attest that our internal control over financial reporting is effective, or if our independent registered public accounting firm cannot express an opinion as to the effectiveness of our internal control over financial reporting when required, we may not be able to report our financial results accurately and timely. As a result, investors, counterparties and consumers may lose confidence in the accuracy and completeness of our financial reports. Accordingly, access to capital markets and perceptions of our creditworthiness could be adversely affected, and the market price of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the Securities and Exchange Commission (the “SEC”) or other regulatory authorities, which could require additional financial and management resources. These events could have a material and adverse effect on our business, operating results, financial condition and prospects. **Risks Related to Our Securities** ~~The price of our common stock has fluctuated considerably and is likely to remain volatile, in part due to the limited market for our common stock. From 11From October 7, January 1, 2022 2024, the date our common stock began trading on the NYSE American, through December 31, 2023 2024, the high and low closing prices for our common stock were \$ 38.69, 43.98 and \$ 8.23, 36.79, respectively. There is a limited public market for our common stock, and we cannot provide assurances that a more active trading market will develop or be sustained. As a result of limited trading volume in our common stock, the purchase or sale of a relatively small number of shares could result in significant price fluctuations and it may be difficult for holders to sell their shares without depressing the market price for our common stock. Additionally, the market price of our common stock may continue to fluctuate significantly in response to a number of factors, some of which are beyond our control, including the following:~~

- General economic conditions affecting the availability of long- term or short- term credit facilities, the purchasing and payment patterns of our customers, or the requirements imposed by our suppliers;
- Economic conditions in our industry and in the industries of our customers and suppliers;
- Changes in financial estimates or investment recommendations by securities analysts relating to our common stock;
- Market reaction to our reported financial results;
- Loss of a major customer;
- Announcements by us or our competitors of significant contracts, acquisitions, strategic

partnerships, joint ventures or capital commitments; and — Changes in key personnel. Our officers, and directors and 10% or greater stockholders have significant voting power and may vote their shares in a manner that is not in the best interest of other stockholders. Our officers, directors and 10% or greater stockholders control approximately 21.6, 4.5% of the voting power represented by our outstanding shares of common stock as of March 18, 2024. If these stockholders act together, they may be able to exert significant control over our management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. This concentration of ownership may not be in the best interests of all of our stockholders. Provisions in our corporate charter documents and under Delaware law could make an acquisition of the Company more difficult, which acquisition may be beneficial to our stockholders. Provisions in our certificate of incorporation and by-laws, as well as provisions of the General Corporation Law of the State of Delaware ("DGCL"), may discourage, delay or prevent a merger, acquisition or other change in control of the Company, even if such a change in control would be beneficial to our stockholders. These provisions include prohibiting our stockholders from fixing the number of directors and establishing advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors (the "Board"). Additionally, Section 203 of the DGCL prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. We have not opted out of the restrictions under Section 203, as permitted under DGCL.

Risks Related to the Separation As a result of the Separation, certain of our directors and officers may have actual or potential conflicts of interest because of their positions or relationships with LGL Group. As a result of the Separation, Marc J. Gabelli serves as special advisor to our chairman, Chairman of the board, Board of Directors and also serves as chairman, Chairman of the board, Board of Directors and co-chief executive officer, Chief Executive Officer of LGL Group and Michael J. Ferrantino serves as our chief executive officer and as one of our directors and also as a director of LGL Group. Such dual roles could create, or appear to create, potential conflicts of interest when LGL Group and our officers and directors face decisions that could have different implications for the two companies. In addition, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between LGL Group and us regarding the terms of the agreements governing the Separation and the relationship thereafter between the companies. We have limited history of operating as an independent company, and our historical combined and unaudited financial information for periods prior to the Separation is not necessarily representative of the results that we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results. Our historical combined and unaudited financial information for periods prior to the Separation included in this Annual Report on Form 10-K was derived from LGL Group's consolidated financial statements and accounting records and are not necessarily indicative of our future results of operations, financial condition or cash flows, nor do they reflect what our results of operations, financial condition or cash flows would have been as an independent public company during the periods presented. In particular, the historical combined financial information included in this Annual Report on Form 10-K is not necessarily indicative of our future results of operations, financial condition or cash flows. LGL Group continues to perform functions for us, and we continue to perform functions for LGL Group, on a transitional basis, and as a result we may experience operational disruptions and incur significant costs to perform these functions ourselves following the transition period or be subject to claims and liability. Prior to the Separation, LGL Group performed many important corporate functions for us, including information technology, shared services, insurance, logistics, human resources, finance and internal audit. In connection with the Separation, we entered into certain arrangements with LGL Group pursuant to which we and LGL Group will continue to provide to each other, on an ongoing basis, certain functions and services that the companies have historically shared. LGL Group may not successfully execute its obligations to us under these arrangements, and any interruption in the functions or services that will be provided to us by LGL Group following the Separation could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, at the end of this transition period, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf. The costs associated with performing or outsourcing these functions may exceed the amounts reflected in our historical combined financial statements that were incurred as a subsidiary of LGL Group. A significant increase in the costs of performing or outsourcing these functions could materially and adversely affect our business, results of operations, financial condition and cash flows. The obligations associated with operating as an independent public company require significant resources and management attention. Prior to the Separation, we were not directly subject to the reporting and other requirements of the Exchange Act. As a result of the Separation, we are directly subject to such reporting and other obligations under the Exchange Act and the rules of the NYSE. These reporting and other obligations place significant demands on our management and our administrative and operational resources, including accounting resources, and we have faced and expect to continue to face increased legal, accounting, administrative and other costs and expenses relating to these demands that we had not incurred as a subsidiary of LGL Group. Our investment in compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. We are subject to significant restrictions on our actions in order to avoid triggering significant tax-related liabilities. The Amended and Restated Tax Indemnity and Sharing Agreement ("Tax Agreement") by and between the Company and LGL Group generally prohibits us from taking certain actions that could cause the Separation to fail to qualify as a tax-free transaction, including but not limited to, within two (2) years of the Separation date not entering into any agreement, understanding or arrangement involving the substantial acquisition of stock of the Company or a substantial shift in ownership (by vote or value) of the Company. If the Separation does not qualify as tax-free for U. S. federal income tax purposes as a result of a breach by us of any covenant or representation made by us in the Tax Agreement, we could be subject

to significant liability. If the Separation fails to qualify for tax- free treatment due to a breach by us (or any of our subsidiaries) of any covenant or representation made by us in the Tax Agreement between us and LGL Group, we generally will be required to indemnify LGL Group for all tax- related losses suffered by it. In addition, we will not control the resolution of any tax contest relating to taxes suffered by LGL Group in connection with the Separation, and we may not control the resolution of tax contests relating to any other taxes for which we may ultimately have an indemnity obligation under the Tax Agreement. In the event that LGL Group suffers tax- related losses in connection with the Separation that must be indemnified by us under the Tax Agreement, the indemnification liability could have a material adverse effect on us. If the Separation fails to qualify for tax- free treatment, for any reason, LGL Group and / or holders of LGL Group' s common stock would be subject to substantial U. S. taxes as a result of the Separation, and we could incur significant liabilities under applicable law or as a result of the Tax Agreement. ~~Item 13~~ Item 13.B. Unresolved Staff Comments -