Risk Factors Comparison 2023-06-26 to 2022-06-23 Form: 10-K

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

~~The reader should carefully consider these risk factors in addition to those set forth in the Company' s financial statements or the notes thereto. Additional risks about which the Company is not yet aware or that the Company currently believes to be immaterial also may adversely affect the Company' s business operations. If any of the following occur, the Company' s business, financial condition or operating results may be adversely affected. In that case, the price of the Company' s common stock may decline. Business, Operational and Strategic Risks The Company' s business has been and is expected to continue to be adversely affected by the ongoing COVID- 19 pandemic. The Company continues to monitor the effects of the global COVID- 19 pandemic on all aspects of its operations and regions, including the effect on its consumers, employees, trade customers, suppliers and distribution channels. The pandemic has created significant business disruption and economic uncertainty, which has affected the Company' s supply chain, distribution channels and consumer demand for its products, and has directly and indirectly affected the Company' s business and operating results. However, the full extent of its impact will depend on future developments that are uncertain and cannot be accurately predicted, including the scope of any new virus mutations and outbreaks, the breadth and duration of any future business disruptions related to the COVID- 19 pandemic, consumer confidence and the success of business and economic recovery as the pandemic recedes. The ultimate impact of the COVID- 19 pandemic, or any other health epidemic, is highly uncertain and subject to change not only with the spread of the disease, but also with the scope and timing of governmental, regulatory, fiscal, monetary and public health responses. Surges in demand related to COVID- 19, as well as other factors, have continued to strain the global supply chain network, which has resulted in carrier- imposed capacity restrictions, carrier delays, and longer lead times. Demand for Chinese imports has caused shipment receiving and unloading backlogs at many U. S. ports that have been unable to keep pace with unprecedented inbound container volume. The situation has been further exacerbated by COVID- 19 illness and protocols at many port locations. For example, the Company' s supply chain has been and may in the future be adversely affected with production delays, service disruptions or limited manufacturing volumes associated with shutdowns of factories, logistics providers and shippers or reduced numbers of workers or working hours in the respective facilities, limits on component supplies and diminished capability to implement engineering and design changes in a timely manner. In addition, the Company has experienced an increase in its freight costs as a result of the pandemic. Further, if the COVID- 19 pandemic continues and the Company' s operations continue to be adversely affected, the Company risks a delay, default, violation and / or non- compliance under existing agreements. Many of these effects may not be covered by the Company' s existing insurance coverages. The spread of COVID- 19, which has caused a broad impact globally, has had and may continue to have a material economic effect on the Company' s business. For example, the pandemic and related measures taken to limit the spread of disease has resulted in retail store closures, both temporary and permanent, higher unemployment and greater economic uncertainty, which have and may continue to adversely affect consumer purchasing behavior. Consumer spending generally may also be negatively affected by general macroeconomic conditions and consumer confidence, including the effects of the current recession, resulting from the COVID- 19 pandemic. This may negatively affect sales of the Company' s products at retail stores and online marketplace channels and through the Company' s licensing agreements. Any significant reduction in consumer visits to, or spending at, retail stores, caused by the COVID- 19 pandemic, and any decreased spending at retail stores or online caused by decreased consumer confidence and spending following the pandemic, may result in a loss of sales of the Company' s products and profits and other material adverse effects. While the potential economic effects and the duration of the COVID- 19 pandemic may be difficult to assess or predict, it has already caused, and is likely to result in further, significant disruption of global financial markets. In addition, the current recession has, and a depression or other sustained adverse market event resulting from the spread of COVID- 19 could materially and adversely affect the Company' s business and the market value of its common stock. The Company does not yet know the full extent of potential delays or impacts on its business, its industry or the global economy as a whole, and the Company cannot predict the effects that COVID- 19 pandemic- related business disruptions and economic uncertainty will have on its customers, suppliers, consumers, and each of their financial conditions. However, any material effect on these parties could further adversely affect the Company' s financial condition and results of operations. Additionally, notwithstanding ongoing efforts to manage COVID- 19, including increased testing, widespread vaccination of the public and treatment of those who have contracted COVID- 19, it is unclear when or whether progress in any of those areas will translate into an economic recovery that will restore consumer confidence and accelerate consumer spending. The effect of the COVID- 19 pandemic may also exacerbate other risks discussed below in this " Risk Factors " section, any of which could have a material adverse effect on the Company' s business and financial condition. Accordingly, given that the potential of these effects of the COVID- 19 pandemic on the Company' s operations has been and will likely continue to be material, the Company will continue to monitor the situation closely. The Company relies on a small number of key customers for the majority of its business, and the loss or significant reduction in business with any of these key customers would materially and adversely affect the Company' s revenues and earnings. Certain customers have historically made up a significant percentage of the Company' s product sales and net revenues. For fiscal 2022, Walmart, Amazon. com and Fred Meyer accounted for approximately 45 %, 32 % and 13 %, respectively, of the Company' s net revenues. For fiscal 2021, Walmart, Amazon. com and Fred Meyer accounted for approximately 37 %, 33 % and 11 %, respectively, of the Company' s net revenues. The Company expects that its online marketplaces will increasingly represent a significant portion of the Company' s product sales going forward. No other customer accounted for more than 10 % of the Company' s net revenues during these periods. All~~

~~customer purchases are made through purchase orders and the Company does not have any long- term contracts with its customers. Accordingly, sales from customers that have accounted for a significant portion of the Company’ s net product sales and net revenues in past periods, individually or as a group, may not continue in future periods, or if continued, may not reach or exceed historical levels in any period, which has happened in the past and could happen in the future. Some of the Company’ s key customers may also experience economic difficulties or otherwise default on their obligations to the Company. The complete loss of, or significant reduction in business from, or a material adverse change in the financial condition of, any of the Company’ s key customers would cause a material and adverse change in the Company’ s revenues and operating results. The Company is dependent on a limited number of products for its sales. The Company derives a substantial portion of its product revenues from a limited number of products, and the Company expects these products to continue to account for a large percentage of its product revenues in the near term. For the twelve months ended March 31, 2022, the Company’ s gross product sales were comprised principally of two product types within two categories — housewares products and audio products. Microwave ovens, which product type is within the housewares category, generated approximately 21 % of the Company’ s gross product sales. Audio products generated approximately 79 % of the Company’ s gross product sales during fiscal 2022. For the twelve months ended March 31, 2021, the Company’ s gross product sales were comprised principally of the same two product types within the same two categories — housewares products and audio products. Microwave ovens, which product type is within the housewares category, generated approximately 35 % of the Company’ s gross product sales. Audio products generated approximately 63 % of the Company’ s gross product sales during fiscal 2021. Because the market for these product types and categories is characterized by periodic new product introductions, the Company’ s future financial performance will depend, in part, on the successful and timely development and customer acceptance of new and enhanced versions of these product types and other products distributed by the Company. There can be no assurance that the Company will continue to be successful in marketing these product types within these categories or any other new or enhanced products. For example, certain of the Company’ s key customers perform periodic line reviews to assess their product offerings, which have in the past and may in the future lead to loss of business and pricing pressures. As a result of this dependence, a significant decline in pricing of, or market acceptance of these product types and categories, either in general or specifically as marketed by the Company, would have a material adverse effect on the Company’ s business, financial condition and results of operation. The loss or reduction of business of one or a combination of its houseware and audio product lines could materially adversely affect the Company’ s revenues, financial condition and results of operations. If the Company’ s third party sales representatives fail to adequately promote, market and sell the Company’ s products, the Company’ s revenues could significantly decrease. A significant portion of the Company’ s product sales are made through third party sales representative organizations, whose members are not employees of the Company. The Company’ s level of sales depends on the effectiveness of these organizations, as well as the effectiveness of its own employees. Some of these third party representatives may sell (and do sell), with the Company’ s permission, competitive products of third parties as well as the Company’ s products. During fiscal 2022 and fiscal 2021, these organizations were responsible for approximately 50 % and 87 %, respectively, of the Company’ s net revenues. In addition, in fiscal 2022 one of these representative organizations was responsible for approximately 47 % of the Company’ s net revenues and in fiscal 2021 one of these representative organizations was responsible for approximately 49 % and another was responsible for approximately 30 % of the Company’ s net revenues. If any of the Company’ s third party sales representative organizations engaged by the Company, especially the Company’ s largest, fails to adequately promote, market and sell its products, the Company’ s revenues could be significantly decreased until a replacement organization or distributor could be retained by the Company, which has happened in the past and could happen in the future. The loss or reduction of product sales made through third party sales representative organizations could have a material adverse effect on the Company’ s business and results of operations. Finding replacement organizations and distributors could be a time consuming process during which the Company’ s revenues could be negatively impacted. The concentration of product sales among a limited number of retailers and the trend toward private label brands could materially reduce the Company’ s revenues and profitability. With the concentration of the Company’ s product sales among a limited number of retailers, the Company is dependent upon a small number of customers whose bargaining strength is growing. These retailers generally purchase a limited selection of houseware and consumer electronics products. As a result, there is significant competition for retail shelf space. In addition, certain of the Company’ s key customers use their own private label brands that compete directly with some of the Company’ s products. As the retailers in the houseware and consumer electronics industry become more concentrated, competition for sales to these retailers may increase, which could materially reduce the Company' s revenues and profitability. The houseware and consumer electronics industry is consolidating, which could reduce the Company’ s ability to successfully secure product placements at key customers and limit its ability to sustain a cost competitive position in the industry. Over the past several years, the houseware and consumer electronics industry has undergone substantial consolidation, and further consolidation is likely. As a result of this consolidation, the houseware and consumer electronics industry primarily consists of a limited number of large retailers and distributors. The Company’ s ability to gain or maintain its market share or maintain or enhance its relationships with key customers may be limited as a result of actions by competitors or the retailers’ increasing use of private label brands. The failure to obtain new licensees and distribution relationships or to maintain relationships with its existing licensees and distributors could materially and adversely affect the Company’ s revenues, earnings and business. The Company maintains agreements that allow licensees to use the Company’ s trademarks for the manufacture and sale of specific consumer electronics and other products into defined geographic areas. These agreements typically are for a limited period of time and, upon expiration, the Company cannot assure that its agreements with its licensees will be renewed in the future or that the Company’ s relationships with its licensees or distributors will be maintained on satisfactory terms or at all. Although the Company has engaged each of LMCA and GLSL as an agent to assist the Company in identifying and procuring licensing opportunities, there can be no assurance that the Company will find and secure suitable licensees or distribution relationships. If the Company is~~

~~unable to maintain its relationships with its licensees and distributors on terms satisfactory to the Company, or if it fails to obtain new licensees or distribution relationships or the Company' s licensees fail to protect the integrity and reputation of the Company' s trademarks, the value of the Emerson brand and the Company' s licensing revenues and earnings could be materially and adversely affected. The Company depends on a limited number of suppliers for its products. If its relationships with such suppliers terminate or are otherwise impaired, the Company would likely experience increased costs, disruptions in the manufacture and shipment of its products and a material loss of net sales. Although there are multiple potential suppliers for each of the Company' s products, the Company relies and is dependent on a limited number of suppliers for its main products, all of which are located outside of the United States. The Company does not have any long- term or exclusive purchase commitments with any of its suppliers. Itoma was the Company' s largest supplier and accounted for approximately 83 % and 59 % of the Company' s purchases of products during fiscal 2022 and fiscal 2021, respectively. The Company' s failure to maintain existing relationships with its suppliers or to establish new relationships on similar pricing and credit terms in the future could negatively affect the Company' s ability to obtain products in a timely manner. If the Company is unable to obtain an ample supply of product from its existing suppliers or secure alternative sources of supply, it may be unable to satisfy its customers' orders, which could materially and adversely affect the Company' s revenues and relationships with its customers. Finding replacement suppliers could be a time consuming process during which the Company' s revenues and liquidity could be negatively impacted. The Company' s products use raw materials and components that may be subject to price fluctuations, shortages or interruptions of supply, and if the Company is unable to maintain supply sources for such raw materials and components, or if such sources fail to satisfy the Company' s supply requirements, the Company may experience a loss of sales, increased component costs and reduced profitability. Factors that are largely beyond the Company' s control, such as the cost, quality and availability of the raw materials and components needed by suppliers of the Company' s products, may affect the cost of such products, and the Company may not be able to pass those costs on to its customers. The Company' s products use raw materials and components that have been and may continue to be subject to price surges, shortages or interruptions of supply, including semiconductor chips that have been subject to an ongoing significant shortage. The cost, quality and availability of these components are essential to the successful production and sale of the Company' s products. If the Company is unable to maintain supply sources of these raw materials and components, or if such sources fail to satisfy the Company' s supply requirements, the Company may lose sales and experience increased component costs. In particular, the Company utilizes semiconductor chips in its housewares products and audio products. Because semiconductor chips have been recently subject to an ongoing significant shortage, the Company' s ability to source these important components that use semiconductor chips has been adversely affected. These supply interruptions have resulted in increased component delivery lead times, delays in product production and increased costs to obtain components with available semiconductor chips. To the extent this semiconductor chip shortage continues, the production ability of the Company' s suppliers may continue to be impacted. Although the Company is seeking alternate sources of supply of these components, it may take several months to locate alternative suppliers or require the re- tooling of products to accommodate components from different suppliers. If the Company or its suppliers are unable to obtain components from third parties in the quantities and of the quality that the Company requires, on a timely basis and at acceptable prices, the Company may not be able to deliver its products on a timely or cost- effective basis to its customers, which could cause customers to terminate their contracts with the Company, reduce the Company' s gross margins and seriously harm its business, results of operations and financial condition. If the Company is unable to deliver products in the required amounts and in a timely fashion, the Company could experience delays or reductions in shipments to its customers, which could materially and adversely affect the Company' s revenues and relationships with its customers. The Company' s ability to provide high quality customer service, process and fulfill orders, and manage inventory depends on the efficient and uninterrupted operation and timely and uninterrupted performance of its suppliers. The Company can provide no assurances that it will not experience operational difficulties with its suppliers, including reductions in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines, increases in manufacturing costs, increased lead times or production shutdowns or production slowdowns due to social distancing guidelines or issues with absenteeism related to the ongoing COVID- 19 pandemic, which have and could in the future result in increased costs and decreased efficiency. If the Company is unable to obtain products from these factories in the required quantities and quality and in a timely fashion, the Company could experience delays or reductions in product shipments to its customers, which could negatively affect the Company' s ability to meet the requirements of its customers, as well as its relationships with its customers, which in turn could materially and adversely affect the Company' s revenues and operating results. In addition, shipping rates and surcharges are volatile and subject to market fluctuations, and any increases in shipping costs may reduce the Company' s margins and adversely affect its profitability. All the Company' s suppliers are based in China and as a result the Company is subject to risks associated with international operations and global manufacturing and sourcing including, among others: • currency fluctuations; • labor disputes and union actions that can disrupt the Company' s ability to ship products to customers; • potential political, economic and social instability; • public health threats, including the COVID- 19 pandemic, inclement weather and natural disasters; • possible acts of terrorism; • restrictions on transfers of funds; • changes in import and export duties and quotas; • changes in domestic and international customs and tariffs; • uncertainties involving the costs to transport products; • disruptions in the global transportation network, including port backlogs and availability of shipping containers; • unexpected changes in regulatory environments; • regulatory issues involved in dealing with foreign suppliers and in exporting and importing products; • protection of intellectual property; • difficulty in complying with a variety of foreign laws; • difficulty in obtaining distribution and support; and • potentially adverse tax consequences. Furthermore, any material disruption, slowdown or shutdown of the operations of the Company' s principal logistics providers and shippers, including without limitation as a result of labor disputes, public health threats (such as the COVID- 19 pandemic), social unrest, inclement weather, natural disasters, possible acts of terrorism, availability of shipping containers and increased~~

~~security restrictions, could cause delays in the Company’ s ability to receive, process and fulfill customer orders and may cause orders to be canceled, lost or delivered late, goods to be returned or receipt of goods to be refused. These and other factors described above have and could continue to cause increases in shipping and storage costs. As a result, the Company’ s relationships with its customers, revenues and operating results could be materially and adversely affected. The Company relies on a third- party logistics provider for the storage and distribution of its products in the United States and, if such third party logistics provider incurs any damage to the facilities where the Company’ s products are stored or is unable to distribute its products as needed, it could have a material adverse effect on the Company’ s results of operations and business. The Company relies on a third- party logistics provider for the storage and distribution of its products. The facilities where the Company’ s products are stored by such provider may also be harmed or rendered inoperable by natural or man- made disasters, including earthquakes, power outages, communications failure or terrorism. Any material damage to the facilities where the Company’ s products are stored could adversely affect its inventory and the ability of such third- party logistics provider to meet the needs of its customers. In addition, an inability to maintain the Company’ s contracts with such third- party logistics provider or a delay, disruption or quality control problems in the operations of such third- party logistics provider, including as a result of damage to the facilities of such provider or a strike by such provider’ s workers, could cause delays in the Company’ s ability to fulfill customer orders and may cause orders to be canceled, lost or delivered late, the Company’ s products to be returned or receipt of products to be refused, any of which could adversely affect the Company’ s business and results of operations. The Company’ s contract with its third- party logistics provider is terminable upon written notice by either party for convenience without cause. If the Company is unable to maintain its contract with its third- party logistics provider, the Company would be required to retain a new third party logistics provider and the Company may be unable to retain such third party at a cost that is acceptable to the Company. If the Company’ s shipping costs were to increase as a result of an increase in the fees charged by such third- party logistics provider or as a result of obtaining a new third- party logistics provider and if the Company is unable to pass on these higher costs to its customers, it could have a material adverse effect on the Company’ s results of operations and business. The Company’ s revenues and earnings could be materially and adversely affected if it cannot anticipate market trends, enhance existing products or achieve market acceptance of new products. The Company’ s success is dependent on its ability to anticipate and respond to changing consumer demands and trends in a timely manner, as well as expanding into new markets and sourcing new products that are profitable to the Company. In addition, to increase the Company’ s penetration of current markets and gain footholds in new markets for its products, the Company must maintain its existing products and integrate them with new products. The Company may not be successful in sourcing, marketing and releasing new products that respond to technological developments or changing customer needs and preferences. The Company may also experience difficulties that could delay or prevent the successful development, introduction and sale of these new products. These new products may not adequately meet the requirements of the marketplace and may not achieve any significant degree of market acceptance. If release dates of any future products or enhancements to the Company’ s products are delayed, or if these products or enhancements fail to achieve market acceptance when released, the Company’ s sales volume may decline and earnings could be materially and adversely affected. In addition, new products or enhancements by the Company’ s competitors may cause customers to defer or forgo purchases of the Company’ s products, which could also materially and adversely affect the Company’ s revenues and earnings. Cash generated by operating activities represents the Company’ s principal source of funding and therefore the Company depends on its ability to successfully manage its operating cash flows to fund its operations. The Company does not maintain any credit facilities (other than, from time to time, certain letters of credit) in connection with the operation of its business. The Company has relied on, and continues to rely on, its cash on hand and cash generated by operations to manage its business. Certain of the Company’ s major factory suppliers, including Itoma, extend credit lines to the Company in amounts based on various factors, including the amounts of the Company’ s purchases and their internal credit criteria, and in the past have reduced the maximum amount of open credit lines available to the Company. The loss of, or reduction in, credit lines from the Company’ s principal suppliers could reduce the Company’ s liquidity, increase its working capital needs or limit its ability to purchase products which in turn could adversely affect its financial condition or results of operations. If the Company is unable to generate sufficient cash from operations, the Company may need to secure alternative means of financing or reorganize its operations to continue to maintain its current business. The Company is subject to intense competition in the industry in which it operates, which could cause material changes in the selling price of its products or losses of its market share. The housewares and consumer electronics industry is highly competitive, especially with respect to pricing and the introduction of new products and features. The Company’ s products compete in the low to medium- priced sector of the housewares and consumer electronics market and compete primarily on the basis of reliability, brand recognition, quality, price, design, consumer acceptance of the Emerson ® trademark and quality service and support to retailers and its customers. The Company and many of its competitors are subject to factory cost increases, and the Company expects these pressures to continue. If these pressures are not mitigated by increases in selling price or cost reductions from the Company’ s suppliers or changes in product mix, or if the consumers of the Company’ s products change their buying habits as a result of the Company’ s actions, the Company’ s revenues and profits could be substantially reduced. In addition, the Company’ s expanded marketing plan includes sales through online marketplaces, including Amazon. com, and the success of this plan depends on the Company’ s ability to increase its visibility and continue to distribute its products through these online marketplaces. As compared to the Company, many of its competitors have significantly greater managerial, financial, marketing, technical and other competitive resources and greater brand recognition. As a result, the Company’ s competitors may be able to (i) adapt more quickly to new or emerging technologies and changes in customer requirements; (ii) rapidly replicate new features and innovations that we may introduce into the market; (iii) devote greater resources to the promotion and sale of their products and services; and (iv) respond more effectively to pricing pressures. Competition could increase if new companies enter the market, existing competitors expand their product mix or the Company expands into new markets. An increase in competition could result in~~

~~material price reductions or loss of the Company' s market share. In addition, the industry in which the Company competes generally has low barriers to entry that allow the introduction of new products or new competitors at a fast pace. Some retailers have and may continue to introduce their own private label products, which could reduce the volume of products they buy from the Company, as well as decrease the shelf space they allocate to the Company' s products. If the Company is unable to protect the Company' s brand image and authenticity, the Company may be unable to effectively compete with these new market entrants or new products. The Company depends on the experience and expertise of its senior management team and key technical employees, and the loss of any key employee may impair its ability to operate effectively. The Company' s success depends upon the continued services of its senior management team and key technical employees. Each of the Company' s executive officers, key technical personnel and other employees could terminate his or her relationship with the Company at any time. The loss of any member of the Company' s senior management team might significantly delay or prevent the achievement of the Company' s business objectives and could materially harm the Company' s business and customer relationships. In addition, turnover, particularly on the senior management team, with insufficient development of leadership talent and succession plans, could diminish employee confidence and increase risks for retaining key employees. Changes in consumer spending and economic conditions may cause the Company' s operating results to fluctuate and cause its stock price to decline. The Company' s net revenue and operating results may vary significantly from year- to- year and quarter- to- quarter as well as in comparison to the corresponding quarter of the preceding year. Factors that may cause these variations include: • changes in market and economic conditions; • the discretionary nature of consumers' demands and spending patterns; • variations in the sales of the Company' s products to its significant customers; • variations in manufacturing and supplier relationships; • if the Company is unable to correctly anticipate and provide for inventory requirements, it may not have sufficient inventory to deliver its products to its customers in a timely fashion or the Company may have excess inventory that it is unable to sell; • new product developments or introductions; • product reviews and other media coverage; • competition, including competitive price pressures; and • political instability, war (including the current conflict in Ukraine), acts of terrorism, public health threats, such as the ongoing COVID- 19 pandemic, or other disasters. As a result of any of these factors, the Company' s operating results may fluctuate significantly, which may in turn cause its stock price to decline. Legal, Regulatory and Tax Risks The Company is subject to a variety of U. S. and foreign laws and regulations that are central to the Company' s business; its failure to comply with these laws and regulations could harm the Company' s business or operating results. The Company is or may become subject to a variety of laws and regulations in the United States and abroad that involve matters central to its business, including laws and regulations regarding consumer protection, advertising, electronic commerce, intellectual property, manufacturing, anti- bribery and anti- corruption, and economic or other trade prohibitions or sanctions. The increasingly global nature of the Company' s business operations subjects the Company to domestic and foreign laws and regulations such as the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act, and similar anti- bribery and anti- corruption laws in other jurisdictions. The Company' s products are also subject to U. S. export controls, including the United States Department of Commerce' s Export Administration Regulations and various economic and trade sanctions regulations established by the Treasury Department' s Office of Foreign Assets Controls. The Company is also subject to a variety of laws and regulations regarding information security and privacy. For example, the European Union' s General Data Protection Regulation and the California Consumer Privacy Act, or new interpretations of existing laws and regulations, impose significant requirements on how the Company collects, processes and transfers personal data, as well as significant fines for non- compliance. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. Foreign regulations and changes in trade policies and the political, social and economic conditions in the United States and the foreign countries in which the Company operates its business could affect the Company' s revenues and earnings materially and adversely. The Company has operations in China and derives a significant portion of its revenue from sales of products manufactured by third parties located in China. In addition, third parties located in China and other countries located in the same region produce and supply many of the components and raw materials used in the Company' s products. Additionally, a significant portion of the shipping of the Company' s finished goods to the United States occurs through Hong Kong. Conducting an international business inherently involves a number of difficulties and risks that could materially and adversely affect the Company' s ability to generate revenues and could subject the Company to increased costs. The diplomatic tensions between the United States and China, including over China' s enactment of the Hong Kong national security law, create uncertainties for doing business in China, and the risk of additional protectionist trade policies and tariffs or other escalating retaliatory policies, such as the passage of the Hong Kong Autonomy Act in July 2020 and the concurrent U. S. executive order that ended the special economic status afforded to Hong Kong under the United States- Hong Kong Policy Act of 1992, could increase the Company' s cost of doing business and adversely affect the Company' s business, financial condition and results of operations. Furthermore, it is unclear whether the current U. S. administration will alter the existing trade agreements between China and the U. S. or otherwise modify or impose additional tariffs on imports from China. It is possible that further tariffs may be imposed on the categories of products the Company imports to the United States, or that the Company' s business will be affected by retaliatory trade measures taken by China or other countries in response to existing or future tariffs, causing the Company to raise prices or make changes to its operations, any of which could adversely affect demand for the Company' s products or increase its costs. Among the other factors that may adversely affect the Company' s revenues and increase its costs are: • currency fluctuations which could cause an increase in the price of the components and raw materials used in the Company' s products and a decrease in its profits; • Chinese labor laws; • labor shortages affecting the Company' s facilities and its suppliers' manufacturing facilities located in China; • the elimination or reduction of value- added tax refunds to Chinese factories that manufacture products for export; • the rise of inflation and substantial economic growth in China; • more stringent export restrictions in the countries in which the Company operates which could adversely affect its ability to deliver its products to its customers; • tariffs and other trade barriers which could make it more expensive for the~~

~~Company to obtain and deliver its products to its customers; • increases in shipping costs for the Company' s products or other service issues with the Company' s third- party shippers, such as global availability of shipping containers and fuel costs; • political instability and economic downturns in these countries which could adversely affect the Company' s ability to obtain its products from its manufacturers or deliver its products to its customers in a timely fashion; • outbreaks of public health threats, such as COVID- 19, influenza and other highly communicable diseases or viruses, affecting the production capabilities of the Company' s suppliers, including as a result of quarantines or closures; • new restrictions on the sale of electronic products containing certain hazardous substances; and • the laws of China are likely to govern many of the Company' s supplier agreements. Any of the factors described above may materially and adversely affect the Company' s revenues and / or increase its operating expenses. Tariffs or other restrictions placed on the Company' s products imported into the United States from China, or any related countermeasures taken by China, could have a material adverse effect on the Company' s business, profitability and results of operations. The Company has operations in China and all of the Company' s products are currently manufactured by suppliers in China. Any tariffs or other trade restrictions affecting the import of these products to the United States from China or any retaliatory trade measures taken by China in response to existing or future tariffs could have a material adverse effect on the Company' s results of operations going forward. The Company' s dependency on its overseas suppliers could exacerbate these and other risks, and any tariffs on the categories of products the Company imports to the United States could negatively affect the demand for such products, increase the cost of components, delay production or affect the Company' s ability to compete against competitors who do not manufacture in China or otherwise are not subject to such tariffs. Beginning in 2018, the United States has imposed additional duties, ranging from 10 % to 25 %, on a variety of goods imported from China. Effective in September 2018, the Office of the U. S. Trade Representative (" USTR ") imposed tariffs of 10 % on approximately $ 200 billion worth of goods imported from China (" List 3 products "), including categories of products the Company imports from China and increased these tariffs to 25 % effective in May 2019. In August 2019, the U. S. administration directed the USTR to increase tariffs on List 3 products from 25 % to 30 % effective October 2019, which increases were subsequently delayed indefinitely. In May 2019, the USTR proposed imposing additional tariffs of up to 25 % on essentially all remaining Chinese- origin imports, including approximately $ 300 billion worth of goods imported from China (" List 4 products "). Tariffs of 15 % were imposed on certain List 4 products effective in September 2019 (" List 4A products "), and the remainder were scheduled to be subject to these tariffs effective in December 2019 (" List 4B products "). In January 2020, the United States and China signed a Phase One Economic and Trade Agreement, pursuant to which the tariff increases on the List 4B products remained suspended and the rate of additional tariffs on the List 4A products was reduced to 7. 5 %, while all other tariffs remain in place. The effects on the Company of these imposed and proposed tariffs are uncertain because of the dynamic nature of governmental actions and responses, as well as possible exemptions for certain products. If the U. S. and China are able to negotiate the issues to restore a mutually advantageous and fair trading regime, the increased tariffs could be eliminated, but given the uncertainties, including as a result of the recent change in U. S. administrations and any other political changes, there can be no assurance of whether, or when, this will be accomplished. If the currently imposed and proposed tariffs covering the categories of products that the Company imports continue or are increased, and the Company is unable to obtain an exception, it could have a material adverse effect on the Company' s business.~~ Although the Company is monitoring the trade environment and working to mitigate the effects of tariffs through pricing and sourcing strategies, including through ~~proactive~~ **ongoing inventory** management ~~of inventory built up in advance of the recent tariff increases, and may take additional steps~~ , the Company cannot be certain how its customers and competitors will react to the actions taken. ~~Additional tariffs imposed by the United States, and any related countermeasures by China, including as a result of the heightened tensions between the United States and China over Hong Kong, could increase the Company' s cost of goods and reduce its gross margins.~~ If the Company determines to pass some or all of these new tariff burdens on to its customers as product price increases in the future, the result may be a degradation of the Company' s competitive position and a loss of customers that would adversely affect the Company' s operating performance. **Additional** ~~However, the ultimate outcome of these tariff~~ **tariffs** ~~actions~~ **imposed by the United States, and any related countermeasures by China, including as a result of the heightened tensions between the United States and China over Hong Kong, could further increase the Company' s cost of goods and reduce** ~~is~~ **its** ~~not clear at this time~~ **gross margins. We cannot predict future trade policy** , **whether exclusions** ~~and there can be no assurances that the Company' s mitigation efforts~~ will be ~~successful~~ **reinstated,** or ~~that~~ the ~~imposition~~ **terms** of any ~~such~~ **renegotiated trade agreements and their impacts on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to** tariffs or trade ~~actions would not have a material~~ **agreements or policies has the potential to further** ~~adverse~~ **adversely impact demand for our products** ~~effect on the Company' s revenue~~ , ~~gross margins~~ **our costs, our customers, our suppliers,** and ~~operating~~ **the U. S. economy, which in turn could further adversely impact our business, financial condition and** results **of operations** . The Company could be exposed to product liability or other claims for which its product liability or other insurance may be inadequate. A failure of any of the products marketed by the Company may subject it to the risk of product liability claims and litigation arising from injuries allegedly caused by the improper functioning or design of its products. Although the Company currently maintains product liability insurance in amounts which the Company considers adequate, the Company cannot assure that: • its insurance will provide adequate coverage against potential liabilities; • adequate product liability insurance will continue to be available in the future; or • its insurance can be maintained on acceptable terms. To the extent product liability or other litigation losses are beyond the limits or scope of the Company' s insurance coverage, the Company' s expenses could materially increase. The Company' s business could be materially and adversely affected if it cannot protect its intellectual property rights or if it infringes on the intellectual property rights of others. The Company' s ability to compete effectively depends on its ability to maintain and protect its proprietary rights. The Company owns the Emerson ® and other trademarks, which are materially important to its business, as well as other trademarks, licenses and proprietary rights that are used for certain of the products that it markets and sells. The Company’ s trademarks are registered throughout the world, including the United States and other countries. The laws of some foreign countries in which the Company operates may not protect the Company’ s proprietary rights to the same extent as do laws in the United States. The protections afforded by the laws of such countries may not be adequate to protect the Company’ s intellectual property rights. Third parties may seek to challenge, invalidate, circumvent or render unenforceable any trademarks, patents or proprietary rights owned by or licensed to the Company. In addition, in the event third-party licensees fail to protect the integrity of the Company’ s trademarks, the value of these marks could be materially and adversely affected. The Company’ s inability to protect its proprietary rights could materially and adversely affect the license of its trade names, trademarks and other proprietary rights to third parties as well as its ability to sell its products. Litigation has been and may in the future be necessary to enforce the Company’ s intellectual property rights, protect the Company’ s trade secrets and determine the scope and validity of such intellectual property rights. Any such litigation, whether or not successful, could result in substantial costs and diversion of resources and management’ s attention from the operation of the Company’ s business. ~~The~~ **15The** Company may receive notices of claims of infringement of other parties’ proprietary rights. Such actions could result in litigation and the Company could incur significant costs and diversion of resources in defending such claims. The party making such claims could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief. Such relief could effectively block the Company’ s ability to make, use, sell, distribute or market its products and services in certain jurisdictions. The Company may also be required to seek licenses to such intellectual property. The Company cannot predict, however, whether such licenses would be available or, if available, that such licenses could be obtained on terms that are commercially reasonable and acceptable to the Company. The failure to obtain the necessary licenses or other rights could delay or preclude the sale, manufacture or distribution of its products and could result in increased costs to the Company. An information systems interruption or breach in security, including as a result of cyber- attacks, could adversely affect the Company’ s business, results of operations and reputation. In the ordinary course of business, the Company electronically maintains sensitive data, including intellectual property, its proprietary business information and that of its customers and suppliers, and some personally identifiable information of employees, in its facilities and on its networks. In addition, the Company sells its products through online marketplaces, including Amazon ~~. com~~ , which rely upon third- party online payment platform service providers that maintain personal information collected from customers. The secure processing, maintenance and transmission of this information is important to the Company’ s operations. A breach of the Company’ s security systems and procedures or those of its vendors could result in significant data losses or theft of the Company’ s customers’ or the Company’ s employees’ intellectual property, proprietary business information or personally identifiable information. A cybersecurity breach could negatively affect the Company’ s reputation. Because the techniques such as viruses and worms, phishing attacks, distributed denial- of- service attacks, ransomware, used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, the Company may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software or applications the Company procures from third parties or uses in its online marketplaces may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to the Company’ s systems or facilities through fraud, trickery or other forms of deceiving its employees. Accordingly, the Company may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, or if such measures are implemented, and even with appropriate training conducted in support of such measures, human errors may still occur. It is virtually impossible for the Company to entirely mitigate this risk. A party, whether internal or external, who is able to circumvent the Company’ s security measures or those of its vendors could misappropriate information. In addition, cyber insurance may not protect against all of the costs and liabilities arising from a cyber- attack. If the Company or the online payment platforms it uses fail to reasonably maintain the security of confidential information, the Company may suffer significant reputational and financial losses and the Company’ s results of operations, cash flows, financial condition, and liquidity may be adversely affected. In addition, a system breach could result in other negative consequences, including disruption of internal operations, and may subject the Company to private litigation, government investigations, enforcement actions, and cause the Company to incur potentially significant liability, damages, or remediation costs. The Company operates its business in jurisdictions where intellectual property theft or compromise is common. Currently, a majority of the Company’ s products are manufactured in China. Subject to contractual confidentiality obligations, the Company is required to share significant product design materials with third- parties necessary for the design and manufacture of our products. The Company cannot be sure that its data or intellectual property will not be compromised through cyber- intrusion, theft or other means, particularly when the data or intellectual property is held by partners in foreign jurisdictions. Should the Company’ s intellectual property be compromised, it may be difficult to enforce the Company’ s rights in China and other foreign jurisdictions in which the Company operates. Fluctuations in the Company’ s tax obligations and effective tax rate and realization of deferred tax assets, including net operating loss carryforwards, may result in volatility of the Company’ s operating results. The Company is subject to income taxes in various ~~U. S.~~ **federal, state, local** and certain foreign jurisdictions. The Company records tax expense based on its estimates of future payments, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to certain net deferred tax assets, including net operating loss carryforwards. In addition, tax laws in certain jurisdictions may limit the ability to use net operating loss carryforwards upon a change in control. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. In addition, the Company’ s effective tax rate in a given financial statement period may be materially affected by a variety of factors including but not limited to changes in the mix and level of revenues, varying tax rates in the different jurisdictions in which the Company operates, fluctuations in the valuation allowance, timing of the utilization of net operating loss carryforwards, or by changes to existing accounting rules or regulations. Further, tax legislation or changes in tax rules and regulations or the interpretations thereof ~~, including but not limited to the U. S. Tax Cuts and Jobs Act of 2017,~~ may be enacted in the future which could negatively affect the Company' s current or future tax structure and effective tax rates. **For example, the Organisation for Economic Co- operation and Development' s (" OECD ") Inclusive Framework project is currently considering proposals that, if implemented, could increase our effective tax rate. In particular, the Inclusive Framework project includes a global minimum tax proposal that contains various mechanisms to subject a multinational corporation' s income to a 15 % minimum rate. Though the details of these proposals are still under development, many countries have expressed a strong interest in implementing the rules, regardless of whether consensus is reached at the OECD, and the EU recently agreed to implement the Inclusive Framework project' s global minimum tax rules starting in 2024. Whether, and to what extent, these rules are implemented consistently across jurisdictions may increase our related compliance costs and could have an adverse impact on our global effective tax rate, financial condition and results of operations.** ~~Corporate~~ **16Corporate** Governance and Stock Ownership Risks There is a limited trading market for the Company' s common stock and the market price of the Company' s common stock is subject to volatility. The Company' s common stock, which trades on the NYSE American, has experienced, and may experience in the future, significant price and volume fluctuations, which could adversely affect the market price of the Company' s common stock. For example, the Company believes that recent volatility in the market price of the Company' s common stock reflects market and trading dynamics unrelated to the Company' s underlying business or macro or industry fundamentals. These fluctuations have been accompanied by reports of strong and atypical retail investor interest, including on social media and online forums. The Company may continue to incur rapid and substantial increases or decreases in its stock price that may not coincide in timing with the disclosure of news or developments by or affecting the Company. Accordingly, the market price of the Company' s common stock may fluctuate dramatically, and may decline rapidly, regardless of any developments in the Company' s business. The market price of the Company' s common stock may also fluctuate significantly in response to various factors and events, including: ~~• the ongoing impacts and developments relating to the COVID- 19 pandemic;~~ • actual or anticipated variations in operating results and cash flows; • loss of a key customer, licensee or supplier; • announcements or events that affect the Company' s products, customers, competitors or markets; • general business conditions in the markets and industry in which the Company competes; • changes in market valuations of similar companies; • the increase in the number of individual holders of the Company' s common stock and their participation in social media platforms targeted at speculative investing; • the level of the Company' s stock repurchase activity; • concentration of holdings of the Company' s common stock; and • other events or factors, including those listed under this section entitled " Risk Factors. " In addition, the securities markets have recently experienced significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies due to, among other factors, the actions of market participants or other actions outside of the Company' s control, including general market volatility caused by the **coronavirus ("** COVID- 19 **")** pandemic **, high inflation, rising interest rates and bank failures** . These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of the Company' s common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. The Company may be the target of this type of litigation in the future, which could result in substantial costs and divert management' s attention. The Company is a " controlled company " within the meaning of the NYSE American rules and, as a result, qualifies for, and relies on, exemptions from certain corporate governance requirements. As a result, the Company' s shareholders do not have the same protections afforded to shareholders of companies that are subject to such requirements. Nimble Holdings Company Limited (" Nimble "), formerly known as The Grande Holdings Limited, through one of its indirect subsidiaries, is the beneficial owner of approximately 72. 4 % of the Company' s outstanding common stock as of March 31, ~~2022~~ **2023** . As a result, the Company is a " controlled company " within the meaning of the NYSE American Company Guide. Under the NYSE American rules, a company of which more than 50 % of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE American corporate governance requirements, including the requirements that: • a majority of the Company' s Board of Directors consist of independent directors; **17** • the Company has a nominating committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities; and • the Company has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities. The Company has elected to use certain of these exemptions and the Company may continue to use all or some of these exemptions in the future for so long as the Company is a controlled company. The Company' s Board of Directors acts as the nominating committee and compensation committee and determines the compensation and benefits of the Company' s executive officers, administers its employee stock and benefit plans, as may be in effect from time to time, and reviews policies relating to the compensation and benefits of its employees. Although all board members have fiduciary obligations in connection with compensation matters, the Company' s lack of an independent compensation committee presents the risk that any executive officers who are also directors may have influence over their personal compensation and benefits levels that may not be commensurate with the Company' s financial performance. Accordingly, shareholders of the Company do not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the NYSE American. The controlling ownership of the Company' s common stock by an indirect subsidiary of Nimble substantially reduces the influence of other stockholders, and the interests of Nimble may conflict with the interests of the Company' s other stockholders. Nimble, through one of its indirect subsidiaries, is the beneficial owner of approximately 72. 4 % of the Company' s outstanding common stock as of March 31, ~~2022~~ **2023** . As a result, Nimble will be able to exert significant influence over the Company' s business and have the ability to control the approval process for actions by the Company that require stockholder approval, including: the election of the Company' s directors and the approval of mergers, sales of assets or other significant corporate transactions or matters submitted for stockholder approval. Nimble may have interests that differ from your interests and may cause the shares in the Company beneficially owned by Nimble to be voted in a way with which you disagree and that may be adverse to your interests. In addition, several provisions of the Company' s organizational documents and Delaware law may deter or prevent a takeover attempt, including a takeover attempt in which the potential purchaser offers to pay a per share price greater than the current market price of the Company' s common stock. Under the terms of the Company' s certificate of incorporation, its board of directors has the authority, without further action by the stockholders, to issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for the Company' s common stock, including transactions that may be in your best interests. The Company' s bylaws designate the Court of Chancery of the State of Delaware or the federal district courts in Delaware as the exclusive forum for certain litigation that may be initiated by the Company' s stockholders, which could limit stockholders' ability to have certain claims heard in any other judicial forum. Pursuant to the Company' s corporate bylaws, as amended (the " bylaws "), unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Company or any stockholder to the Company or the Company' s stockholders; (iii) any action or proceeding asserting a claim against the Company or any current or former director, officer or other employee of the Company or any stockholder arising pursuant to any provision of the General Corporation Law of Delaware or the Company' s certificate of incorporation or bylaws (as each may be amended from time to time); (iv) any action or proceeding to interpret, apply, enforce or determine the validity of the Company' s certificate of incorporation or bylaws (including any right, obligation or remedy thereunder); (v) any action or proceeding as to which the General Corporation Law of Delaware confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action asserting a claim against the Company or any director, officer or other employee of the Company or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court' s having personal jurisdiction over the indispensable parties named as defendants. This forum selection clause in the Company' s bylaws does not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts of the United States of America have exclusive jurisdiction. The bylaws further provide, that, unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. In addition, the bylaws provide that any person or entity holding, owning or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to these provisions. The forum selection clause in the Company' s bylaws may limit stockholders' ability to have certain claims heard in any court other than in the Court of Chancery or the federal district courts in Delaware. **18Item 1B. UNRESOLVED STAFF COMMENTS**