

## Risk Factors Comparison 2025-03-06 to 2024-03-12 Form: 10-K

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

The following risks and uncertainties may have a material effect on our business, prospects, financial condition, results of operations, and cash flows, and should be considered in connection with the other information contained in this Annual Report on Form 10-K. If any of the events described below were to actually occur, our business, prospects, financial condition, results of operations, or cash flows could be adversely affected, and results could differ materially from expected and historical results. The risks and uncertainties described below are not the only risks facing our company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, prospects, financial condition, results of operations, and cash flows.

**Risks Related to Our Operations** We depend heavily on a relatively limited number of customers, and the loss of any major customer would have a material adverse effect on our business. During ~~2023~~ **2024**, sales to various U. S. and foreign divisions of our ten largest customers accounted for approximately ~~47~~ **51** % of our consolidated net sales. The loss of all or a substantial portion of sales to these customers would cause us to lose a substantial portion of our revenue and would lower our operating profit margin and cash flows from operations. Work stoppages or similar difficulties and unanticipated business disruptions could significantly disrupt our operations, reduce our revenues and materially affect our earnings. We have a complex network of suppliers, owned and leased manufacturing locations, co- manufacturing locations, distribution networks, and information systems that support our ability to consistently provide our products to our customers. Factors that are hard to predict or beyond our control, such as supply chain disruptions, weather, raw material shortages, natural disasters, fires or explosions, political unrest, terrorism, generalized labor unrest, including strikes at our suppliers, customers or end- users or public health crises could damage or disrupt our operations or our customers', suppliers', co- manufacturers' or distributors' operations. These disruptions may require additional resources to restore our supply chain or distribution network. If we cannot respond to disruptions in our operations, whether by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or if we are unable to quickly repair damage to our information, production, or supply systems, we may be late in delivering, or be unable to deliver, products to our customers and may also be unable to track orders, inventory, receivables, and payables. If that occurs, our customers' confidence in us and long- term demand for our ~~products~~ **productscould** ~~could~~ decline. Any of these events could materially and adversely affect our product sales, financial condition, and operating results. We operate in and sell products to customers outside the U. S. and are subject to several risks related to doing business internationally. We obtain a ~~majority~~ **substantial portion** of our raw materials from overseas suppliers, actively participate in overseas manufacturing operations, and sell to a large number of international customers. During the year ended December 31, ~~2023~~ **2024**, sales to customers located outside of the U. S. accounted for ~~40~~ **43** % of our consolidated net sales. As a result of doing business internationally, we face risks associated with the following:

- changes in tariff regulations, which may make our products more costly to export or import;
- changes in monetary and fiscal policies, laws and regulations, and other activities of governments, agencies and similar organizations;
- recessions or marked declines specific to a particular country or region;
- the potential imposition of trade restrictions or prohibitions;
- the potential imposition of import tariffs or other duties or taxes;
- difficulties establishing and maintaining relationships with local original equipment manufacturers, distributors and dealers;
- difficulty in staffing and managing geographically diverse operations;
- **compliance with respect to anti- bribery, competition, export and import, trade sanctions, data privacy, environmental, human rights and other laws;**
- political uncertainty, instability, civil unrest, government controls over certain sectors and human rights concerns in countries, including but not limited to, China, in which our suppliers, manufacturing operations, and customers are located; and
- changes in the geopolitical environment, wars, conflicts, or trade barriers or blockades in the European Union and Asia, which may adversely affect business activity and economic conditions globally and could continue to contribute to instability in global financial and foreign exchange markets, as well as disrupt the free movement of goods, services, and people between countries. These and other risks may also increase the relative price of our products compared to those manufactured in other countries, thereby reducing the demand for our products in the markets in which we operate, which could have a material adverse effect on our business, prospects, financial condition, results of operations, or cash flows. In addition, we could be adversely affected by violations of the Foreign Corrupt Practices Act (the "FCPA") and similar worldwide anti- bribery laws, as well as export controls, **which may include International Traffic in Arms Regulation and Export Administration Regulations**, and economic sanction laws. The FCPA and similar anti- bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non- U. S. officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti- bribery laws may conflict with local customs and practices. We cannot assure you that our internal controls and procedures will always protect us from the improper acts committed by our employees or agents. If we are found to be liable for FCPA, export control or sanction violations, we could suffer from criminal or civil penalties or other sanctions, including loss of export privileges or authorization needed to conduct aspects of our international business, which could have a material adverse effect on our business, prospects, financial condition, results of operations, or cash flows. The prices we pay for raw materials used in our products may be impacted by tariffs. The tariffs initiated by the U. S. government in 2018 under Section 232 of the Trade Expansion Act of 1962 resulted in increased metals prices in the United States. **With respect to taxes, trade policies and tariffs there is uncertainty as the political landscape changes due to the recent U. S. presidential and congressional elections. Changes in U. S. administrative policy may lead to significant increases in tariffs for imported goods among**

**other possible changes, which could strain international trade relations and increase the risk that foreign governments implement retaliatory tariffs on goods imported from the United States. Any widespread imposition of new or increased tariffs could increase the cost of, and reduce the demand for, our products, as well as result in increased inflationary pressure, any of which could have a material adverse effect on our business, prospects, financial condition, results of operations, or cash flows.** We cannot predict whether, and to what extent, there may be changes to international trade agreements or whether quotas, duties, tariffs, exchange controls or other restrictions on our products will be changed or imposed. In addition, an open conflict or war across any region could affect our ability to obtain raw materials. The military conflicts (including the **ongoing war between Russia and Ukraine and conflict, the conflict in Israel and surrounding areas, and the Middle East Houthi movement in Yemen and the surrounding Red Sea region**), and related sanctions, export controls or other actions that may be initiated by nations could adversely affect our business and our supply chain or our business partners or customers in other countries. If we are unable to source our products from the countries where we wish to purchase them, either because of the occurrence or threat of wars or other conflicts, regulatory changes or for any other reason, or if the cost of doing so increases, it could have a material adverse effect on our business, financial condition and results of operations. Disruptions in the supply of raw materials and components could temporarily impair our ability to manufacture our products for our customers or require us to pay higher prices to obtain these raw materials or components from other sources, which could have a material adverse effect on our business and our results of operations. **Failure of Quality problems with our products could harm our reputation, erode our competitive advantage and could result in a product recall. Quality is important to us and our customers, and our products and solutions are held to high quality and performance standards. In the event our products and solutions fail to meet these standards, our reputation could be harmed, which could damage our competitive advantage, causing us to lose customers and resulting in lower revenues.** The majority of our products are components of our customers' products that are used in critical industrial applications. A failure of our components could lead to a product recall. If a recall were to happen as a result of our components failing, we could bear a substantial part of the cost of correction. In addition to the cost of fixing the parts affected by the component, a recall could result in the loss of a portion of or all of the customer's business and damage our reputation. A successful product recall claim requiring that we bear a substantial part of the cost of correction, or the loss of a key customer could have a material adverse effect on our business, prospects, financial condition, results of operations, or **cash flows. Our inability to effectively manage the timing, quality and costs of new program launches could adversely affect our financial performance. In connection with the award of new business, we obligate ourselves to deliver new products and services that are subject to our customers' timing, performance and quality standards. Additionally, we must effectively coordinate the activities of numerous suppliers in order for the program launches of our products to be successful. Given the complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs; however, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new products. Our inability to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition, operating results and cash flows. We face the challenge of accurately aligning our capacity with our demand. We face periods when demand fluctuates significantly higher or lower than our normal operating levels, including variability driven by supply chain inconsistency. Accurately forecasting our expected volumes and appropriately adjusting our capacity are important factors in determining our results of operations and cash flows. We manage our capacity by adjusting our manufacturing workforce, capital expenditures and purchases from suppliers. In periods of weak demand, we may face under- utilized capacity and un- recovered overhead costs, while in periods of strong demand we may experience unplanned costs and could fail to meet customer demand. We cannot guarantee that we will be able to adequately adjust our manufacturing capacity in response to significant changes in customer demand, which could harm our business. If we do not accurately align our manufacturing capabilities with demand it could have a material adverse effect on our results of operations, financial condition and** cash flows. Our markets are highly competitive, and many of our competitors have significant advantages that could adversely affect our business. We face substantial competition in the sale of components, system subassemblies, and finished devices in the vertical end markets into which we sell our products. Our competitors are continuously exploring and implementing improvements in technology and manufacturing processes in order to improve product quality, and our ability to remain competitive will depend, among other things, on whether we are able to keep pace with such quality improvements in a cost- effective manner. Due to this competitiveness, we may not be able to increase prices for our products to cover cost increases. In many cases we face pressure from our customers to reduce prices, which could adversely affect our business, prospects, financial condition, results of operations, or cash flows. In addition, our customers may choose to purchase products from one of our competitors rather than pay the prices we seek for our products, which could adversely affect our business, prospects, financial condition, results of operations, or cash flows. The loss of key personnel and the inability to attract and retain qualified employees could have a material adverse impact on our operations. We are dependent on the continued services of key executives and personnel. The departure of our key personnel without adequate replacement could severely disrupt our business operations. Additionally, we need qualified managers and skilled employees with technical and manufacturing industry experience to operate our businesses successfully. From time to time, there may be shortages of skilled labor, which may make it more difficult and expensive for us to attract and retain qualified employees. If we are unable to attract and retain qualified individuals or our costs to do so increase significantly, our operations would be materially adversely affected. A security breach or disruption to our information technology systems could materially adversely affect our business, financial condition, results of operations, and reputation. We rely on proprietary and third- party information technology systems to process, transmit and store information and to manage or support our business processes. We store and maintain confidential financial and business information regarding us and persons with whom we do business on our information

technology systems. We also collect and hold personally identifiable information of our employees in connection with their employment. In addition, we engage third- party service providers that may collect and hold personally identifiable information of our employees in connection with providing business services to us, including , **but not limited to**, web hosting, accounting, payroll and benefit services. The protection of the information technology systems on which we rely is critically important to us. We take steps, and generally require third- party service providers to take steps, to protect the security of the information maintained in our and our service providers' information technology systems, including the use of systems, software, tools, and monitoring to provide security for processing, transmitting, and storing of the information. Despite our security measures and business continuity plans, we face risks associated with security breaches or disruptions to the information technology systems on which we rely, which could result from, among other incidents, attacks by hackers, computer viruses, malware (including “ ransomware ”), phishing attacks or breaches due to errors or malfeasance by employees, contractors , and others who have access to these systems. Our third- party service providers could also be the source of a cybersecurity attack on, or breach of, our information technology systems. Techniques used in cybersecurity attacks to obtain unauthorized access, disable or sabotage information technology systems change frequently, as data breaches and other cybersecurity events have become increasingly commonplace, including as a result of the intensification of state- sponsored cybersecurity attacks during periods of geopolitical conflict. The security measures put in place by us and our service providers cannot provide absolute security and there can be no assurance that we or our service providers will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive information stored on our or our service providers' systems, that such access will not, whether temporarily or permanently, impact, interfere with, or interrupt our operations, or that any such incident will be discovered in a timely manner. Even the most well- protected information, networks, systems, and facilities remain potentially vulnerable as the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. In addition, third- party information technology providers may not provide us with fixes or updates to hardware or software in a manner as to avoid an unauthorized loss or disclosure or to address a known vulnerability, which may subject us to known threats or downtime as a result of those delays. Accordingly, we and our service providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures. Further, we may be required to expend significant additional resources to continue to enhance information security measures and internal processes and procedures or to investigate and remediate any information security vulnerabilities. A data security incident could compromise our or our service providers' information technology systems, and the information stored by us or our service providers, including personally identifiable information of employees, could be accessed, misused, publicly disclosed, corrupted, lost, or stolen. Any failure to prevent a data breach or a security failure of our or our service providers' information technology systems could interrupt our operations, result in downtime, divert our planned efforts and resources from other projects, damage our reputation and brand, damage our competitive position, subject us to liability claims or regulatory penalties under laws protecting the privacy of personal information. Similarly, if our third- party service providers fail to use adequate security or data protection processes, or use personal information in an unpermitted or improper manner, we may be liable for certain losses and it may damage our reputation. Various events described above have occurred in the past and may occur in the future. Although impacts of past events have been immaterial, the impacts of such events in the future may materially and adversely affect our business, financial condition, or results of operations. Pandemics, epidemics, disease outbreaks and other public health crises could materially adversely impact our business, financial condition, results of operations and cash flows. Pandemics, epidemics or disease outbreaks in the U. S. or globally have disrupted, and may in the future disrupt, our business, which could materially affect our results of financial condition, results of operations and cash flows. Any such events may adversely impact our global supply chain and global manufacturing operations and cause us to again suspend our operations in countries and states where we operate. In particular, we have experienced, and could continue to experience, among other things: (1) global supply disruptions, especially in China; (2) labor disruptions; (3) an inability to manufacture; (4) an inability to sell and distribute our products to our customers; (5) a decline in customer demand during and following the pandemic, whether as a result of our inability to satisfy customer demand in a timely manner due to raw material shortages, supply chain disruptions, inflationary cost pressures, or work stoppages experienced by one or more of our customers; and (6) an impaired ability to access credit and the capital markets, especially in light of the rising interest rates. Any new pandemic or other public health crises, or future public health crises, could have a material impact on our business, financial condition, results of operations and cash flows going forward. To the extent any new pandemic or other public health crises adversely affects our business, financial condition, results of operation and cash flows, it may also have the effect of heightening other risks and uncertainties disclosed below. Physical effects of climate change or legal, regulatory or market measures intended to address climate change could materially adversely affect our business and operations. Risks associated with climate change are subject to increasing societal, regulatory and political focus in the U. S. and globally. Shifts in weather patterns caused by climate change could increase the frequency, severity, or duration of certain adverse weather conditions and natural disasters, such as hurricanes, tornadoes, earthquakes, wildfires, droughts, extreme temperatures, or flooding, which could result in more significant business and supply chain interruptions, damage to our products and facilities as well as the infrastructure of our customers, reduced workforce availability, increased costs of raw materials and components, increased liabilities, and decreased revenues than what we have experienced in the past from such events. In addition, increased public concern over climate change could result in new legal or regulatory requirements designed to mitigate the effects of climate change, which could include the adoption of more stringent environmental laws and regulations or stricter enforcement of existing laws and regulations. Such developments could result in increased compliance costs and adverse impacts on raw material sourcing, manufacturing operations, and the distribution of our products, which could adversely affect our business and operations. If we are unable to secure and maintain patent or other intellectual property protection for our intellectual property, our ability to compete will be harmed. We rely upon patents, copyrights, trademarks, and trade secret

laws to establish and maintain its proprietary rights for various trade names. There can be no assurance that any of our patents, trademarks or other intellectual property rights will not be challenged, invalidated, or circumvented, or that any rights granted thereunder will provide competitive advantages to us. In addition, there can be no assurance that patents will be issued from pending patent applications filed by us or that claims allowed on any future patents will be sufficiently broad to protect us from infringement. Further, the laws of some foreign countries may not permit the protection of our proprietary rights to the same extent as do the laws of the U. S. Risks Related to Legal and Regulatory Compliance Environmental, health and safety laws and regulations impose substantial costs and limitations on our operations, environmental compliance may be more costly than we expect, and any adverse regulatory action may materially adversely affect our business. We are subject to extensive federal, state, local, and foreign environmental, health, and safety laws and regulations concerning matters such as air emissions, wastewater discharges, solid and hazardous waste handling, and disposal and the investigation and remediation of contamination. The risks of substantial costs, liabilities, and limitations on our operations related to compliance with these laws and regulations are an inherent part of our business, and future conditions may develop, arise or be discovered that create substantial environmental compliance or remediation liabilities and costs. Our business activities are subject to various laws and regulations relating to pollution control and protection of the environment. These laws and regulations govern, among other things, discharges to air or water, the generation, storage, handling, and use of automotive hazardous materials, and the handling and disposal of hazardous waste generated at our facilities. Under such laws and regulations, we are required to obtain permits from governmental authorities for some of our operations. If we violate or fail to comply with these laws, regulations, or permits, we could be fined or otherwise sanctioned by regulators. Under some environmental laws and regulations, we could also be held responsible for all the costs relating to any contamination at our past or present facilities and at third- party waste disposal sites. We maintain a compliance program to assist in preventing and, if necessary, correcting environmental problems. Compliance with environmental, health, and safety legislation and regulatory requirements may prove to be more limiting and costly than we anticipate. To date, we have committed significant expenditures in our efforts to achieve and maintain compliance with these requirements at our facilities, and we expect that we will continue to make significant expenditures related to such compliance in the future. From time to time, we may be subject to legal proceedings brought by private parties or governmental authorities with respect to environmental matters, including matters involving alleged noncompliance with or liability under environmental, health and safety laws, property damage or personal injury. New laws and regulations, including those which may relate to emissions of greenhouse gases, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean- up requirements could require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, prospects, financial condition, results of operations, or cash flows. Some of the medical devices that we produce may be subject to regulation by numerous government agencies, including the Food and Drug Administration (“FDA”) and comparable agencies outside the U. S. To varying degrees, each of these agencies requires us to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing and distribution of medical devices. We cannot guarantee that we will be able to obtain marketing clearance for our new products or enhancements or modifications to existing products. If such approval is obtained, it may: • take a significant amount of time; • require the expenditure of substantial resources; • involve stringent clinical and pre-clinical testing, as well as increased post- market surveillance; • involve modifications, repairs or replacements of our products; and • result in limitations on the proposed uses of our products. We are subject to periodic inspections by the FDA to determine compliance with the FDA’s requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on FDA’s Form- 483, warning letters, or other forms of enforcement. If the FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could ban such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement or refund of such devices, refuse to grant pending pre- market approval applications or require certificates of foreign governments for exports, and / or require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also impose operating restrictions on a company- wide basis, enjoin and / or restrain certain conduct resulting in violations of applicable law pertaining to medical devices, and assess civil or criminal penalties against our officers, employees, or us. The FDA may also recommend prosecution to the Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products. **U. S. and Foreign-foreign** governmental regulations have become increasingly stringent and more common, and we may become subject to more rigorous regulation by ~~foreign~~ governmental authorities in the future. Penalties for a company’s non- compliance with foreign governmental regulation could be severe, including revocation or suspension of a company’s business license and criminal sanctions. Any domestic or foreign governmental law or regulation imposed in the future may have a material adverse effect on us. Increasing scrutiny and evolving expectations with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. In addition to the increased legislative and regulatory attention to climate change, customer, investor, and employee expectations in ESG have been rapidly evolving and increasing. While we have been committed to continuous improvements to our product portfolio to meet anticipated regulatory standard levels, if customers, regulators or investors demand we increase our greenhouse gas emission or renewable energy disclosures or our ESG initiatives, we may have to implement additional reporting standards and reporting requirements. If we fail to meet customer, investor, or employee expectations, we may be unable to attract or retain our consumer base or talent. Further, there can be no assurance that our commitments will be successful, that our products will be accepted by the market, that proposed regulation or deregulation will not have a negative competitive impact or that economic returns will reflect our investments in new product development. The standards by which ESG efforts and related matters are measured are developing and evolving, and we could be criticized for the scope of our initiatives and goals, or lack thereof. If we fail to comply with the evolving customer or investor or employee

expectations and standards, or if we are perceived to have failed to adequately respond to such expectations and standards, we may suffer from reputational damage, which could have an adverse impact on our business or financial condition. Risks Related to Our Capitalization Our indebtedness could adversely affect our business, prospects, financial condition, results of operations, or cash flows. The principal amount outstanding under our term loan facility (the “ Term Loan Facility ”) as of December 31, 2023-2024, was \$ 148-114. 1-4 million, and based on the interest rate then in effect, annual cash interest payments would be approximately \$ 18-13. 3-0 million, with an additional \$ 2-1. 9-1 million accrued as paid- in- kind interest. In addition, we have \$ 26-15. 4-0 million available for future borrowings under our asset backed credit facility (the “ ABL Facility ”). Our debt obligations could have important consequences, including: • increasing our vulnerability to adverse economic, industry, or competitive developments; • requiring a substantial portion of our cash flows from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flows to fund operations, capital expenditures, and future business opportunities; • exposing us to the risk of increased interest rates, which could cause our debt service obligations to increase significantly; • making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under our debt agreements; • restricting us from making strategic acquisitions or causing us to make non- strategic divestitures; • limiting our ability to obtain additional financing for working capital, capital expenditures, product and service development, debt service requirements, acquisitions, and general corporate or other purposes; and • limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage may prevent us from exploiting. If any one of these events were to occur, our business, prospects, financial condition, results of operations, or cash flows could be materially and adversely affected. For more information regarding our indebtedness, please see “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. ” Despite our indebtedness level, we may still be able to incur substantial additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness. We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries’ debt levels, the related risks that we now face could increase. Our debt agreements contain restrictions that will limit our flexibility in operating our business. Our debt agreements contain various incurrence covenants that limit our ability to engage in specified types of transactions. These incurrence covenants will limit our ability to, among other things: • incur additional indebtedness or issue certain preferred equity; • pay dividends on, repurchase, or make distributions in respect of our capital stock, prepay, redeem, or repurchase certain debt or make other restricted payments; • make certain investments and acquisitions; • create certain liens; • enter into agreements restricting our subsidiaries’ ability to pay dividends to us; • consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; • alter our existing businesses; and • enter into certain transactions with our affiliates. In addition, the covenants in our debt agreements require us to meet specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests will depend on our ongoing financial and operating performance, which, in turn, will be subject to economic conditions and to financial, market, and competitive factors, many of which are beyond our control. A breach of any of these covenants could result in a default under one or more of our debt agreements and permit our lenders to cease making loans to us under our credit facility (as defined below) or to accelerate the maturity date of the indebtedness incurred thereunder. Furthermore, if we were unable to repay the amounts due and payable under our secured debt agreements, our secured lenders could proceed against the collateral granted to them to secure our borrowings. Such actions by the lenders could also cause cross defaults under our other debt agreements. We may not be able to generate sufficient cash to service all of our indebtedness, and we may not be able to refinance our debt obligations as they mature. Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. We regularly review our capital structure, various financing alternatives and conditions in the debt and equity markets in order to opportunistically enhance our capital structure. In connection therewith, we may seek to refinance or retire existing indebtedness, incur new or additional indebtedness or issue equity or equity- linked securities, in each case, depending on market and other conditions. As our debt obligations mature or if our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of our existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We have international operations that are subject to foreign economic uncertainties and foreign currency fluctuation. Approximately 29-31 % of our revenues are denominated in foreign currencies, which may result in additional risk of fluctuating currency values and exchange rates and controls on currency exchange. Changes in the value of foreign currencies could increase our U. S. dollar costs for, or reduce our U. S. dollar revenues from, our foreign operations. Any increased costs or reduced revenues as a result of foreign currency fluctuations could affect our profits. In 2023-2024, the U. S. dollar

strengthened against foreign currencies which unfavorably affected our revenue by \$ 0.3 million. In contrast, a weakening of the U. S. dollar may beneficially affect our business, prospects, financial condition, results of operations, or cash flows. The price of our common stock may be volatile. The market price of our common stock could be subject to significant fluctuations and may decline. Among the factors that could affect our stock price are:

- macro or micro- economic factors;
- our operating and financial performance and prospects;
- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- loss of any member of our senior management team;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructuring;
- sales of our common stock by stockholders;
- general market conditions;
- domestic and international economic, legal, and regulatory factors unrelated to our performance;
- loss of a major customer; and
- the declaration and payment of a dividend.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In addition, due to the market capitalization of our stock, our stock tends to be more volatile than large capitalization stocks that comprise the Dow Jones Industrial Average or Standard and Poor' s 500 Index. Provisions in our charter documents and Delaware law may inhibit a takeover, which could adversely affect the value of our common stock. Our certificate of incorporation and bylaws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable and may prevent stockholders from receiving a takeover premium for their shares. These provisions include, for example, the authorization of our board of directors to issue up to five million preferred shares without a stockholder vote and that stockholders may not call a special meeting. We are a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti- takeover law. Generally, this statute prohibits a publicly- held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which such person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the stockholder. We anticipate that the provisions of Section 203 may encourage parties interested in acquiring us to negotiate in advance with our board of directors, because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions apply even if the offer may be considered beneficial by some of our stockholders. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

**Risks Related to Acquisitions and Divestitures**

Acquisitions may constitute an important part of our future growth strategy. Acquiring businesses that complement or expand our operations has been and may continue to be a key element of our business strategy. We regularly evaluate acquisition transactions, sign non- disclosure agreements, and participate in processes with respect to acquisitions, some of which may be material to us. We cannot assure you that we will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms in the future. In addition, we may borrow funds or issue equity to acquire other businesses, increasing our interest expense and debt levels or diluting our existing stockholders' ownership interest in us. Our inability to acquire businesses, or to operate them profitably once acquired, could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Our borrowing agreements limit our ability to complete acquisitions without prior approval of our lenders. We have had difficulty with purchase accounting and other aspects related to the accounting for our acquisitions, which resulted in material weaknesses in our internal control over financial reporting. Although we have remediated these material weaknesses, there can be no assurances we will not face similar issues with respect to any future acquisitions. We may not realize all of the anticipated benefits from ~~completed acquisitions or~~ any future strategic portfolio acquisition, or those benefits may take longer to realize than expected. We either may not realize all of the anticipated benefits from ~~completed acquisitions or~~ any future strategic portfolio acquisition, or it may take longer to realize such benefits. Achieving those benefits depends on the timely, efficient, and successful execution of a number of post- acquisition events, including integrating the acquired businesses into our existing businesses. The integration process may disrupt the businesses and, if implemented ineffectively, would preclude the realization of the full anticipated benefits. The difficulties of combining the operations of acquired companies include, among others:

- the diversion of management' s attention to integration matters;
- difficulties in the integration of operations and systems, including, without limitation, the complexities associated with managing the expanded operations of a significantly larger and more complex company, addressing possible differences in corporate cultures and management philosophies and the challenge of integrating complex systems, technology, networks, and other assets of each of the acquired companies;
- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from combining the acquired businesses with our own;
- the inability to implement effective internal controls, procedures, and policies for acquired businesses as required by the Sarbanes- Oxley Act of 2002 within the time periods prescribed thereby;
- the exposure to potential unknown liabilities and unforeseen increased expenses or delays associated with acquired businesses;
- challenges in keeping existing customers and obtaining new customers;
- challenges in attracting and retaining key personnel; and
- the disruption of, or the loss of momentum in, ongoing operations or inconsistencies in standards, controls, procedures and policies.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management' s time and energy, which could materially impact our business, prospects, financial condition, results of operations, or cash flows. The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and may result in unexpected liabilities. Certain of the acquisition agreements from past acquisitions require the former owners to indemnify us against certain liabilities related to the operation of each of their companies before we acquired it. In most of these agreements, however, the liability of the former owners is limited in amount and duration and certain former owners may not be able to meet their indemnification responsibilities. These indemnification provisions may not fully protect us, and as a result we

may face unexpected liabilities that adversely affect our profitability and financial position. Our participation in joint ventures could expose us to additional risks from time to time. We currently have a 49 % investment in a Chinese joint venture (the “ JV ”) and may participate in additional joint ventures from time to time. Our participation in joint ventures is subject to risks that may not be present with other methods of ownership, including: • our joint venture partners could have investment and financing goals that are not consistent with our objectives, including the timing, terms, and strategies for any investments, and what levels of debt to incur or carry; • we could experience an impasse on certain decisions because we do not have sole decision- making authority, which could require us to expend additional resources on resolving such impasses or potential disputes, including litigation or arbitration; • our ability to transfer our interest in a joint venture to a third party may be restricted and the market for our interest may be limited; • our joint venture partners might become bankrupt, fail to fund their share of required capital contributions or fail to fulfill their obligations as a joint venture partner, which may require us to infuse our own capital into the venture on behalf of the partner despite other competing uses for such capital; and • our joint venture partners may have competing interests in our markets that could create conflict of interest issues. Any divestitures and discontinued operations could negatively impact our business and retained liabilities from businesses that we may sell could adversely affect our financial results. As part of our portfolio management process, we review our operations for businesses which may no longer be aligned with our strategic initiatives and long- term objectives. Divestitures pose risks and challenges that could negatively impact our business, including required separation or carve- out activities and costs, disputes with buyers, or potential impairment charges. We may also dispose of a business at a price or on terms that are less than we had previously anticipated. After reaching an agreement with a buyer for the disposition of a business, we are also subject to satisfaction of pre- closing conditions, as well as necessary regulatory and governmental approvals on acceptable terms, which may prevent us from completing a transaction. Dispositions may also involve continued financial involvement, as we may be required to retain responsibility for, or agree to indemnify buyers against contingent liabilities related to businesses sold, such as lawsuits, tax liabilities, lease payments, product liability claims, or environmental matters. Under these types of arrangements, performance by the divested businesses or other conditions outside of our control could affect future financial results. General Risk Factors

Damage to our reputation could harm our business, including our competitive position and business prospects. Our ability to attract and retain customers, suppliers, investors, and employees is impacted by our reputation. Harm to our reputation can arise from various sources, including employee misconduct, security breaches, unethical behavior, litigation, or regulatory outcomes. The consequences of damage to our reputation include, among other things, increasing the number of litigation claims and the size of damages asserted or subjecting us to enforcement actions, fines, and penalties, all of which would cause us to incur significant defense related costs and expenses. Changes in U. S. **or foreign** tax laws could have a material adverse effect on our business, cash flow, results of operations, and financial condition. The U. S. **and foreign** tax laws and regulations, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form changes to the **applicable U. S.** tax laws applicable to us may be enacted. Changes in **U. S.** tax laws, tax rulings, or interpretations of existing laws could materially affect our business, cash flow, results of operations, and financial condition. **Unstable market** We currently, and **economic conditions and adverse developments with respect to** may in the future, have assets held at financial institutions **that and associated liquidity risk may exceed** have serious adverse consequences on our business, financial condition and **stock price. The global credit and financial markets have recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, inflationary pressure and interest rate changes, increases in unemployment rates and uncertainty about economic stability. The financial markets and the insurance coverage offered global economy may also be adversely affected by the current or anticipated impact of military conflict, terrorism or other geopolitical events. Sanctions imposed by the United States and other countries in response to such conflicts may also adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. More recently, the closures of Silicon Valley Bank and Signature Bank and their placement into receivership with the Federal Deposit Insurance Corporation (“ FDIC ”) – created bank- specific and broader financial institution the loss of such assets could have a severe negative affect on our operations and liquidity risk and concerns. On March 10, 2023, the Department of the Treasury, the Federal Reserve and the FDIC jointly confirmed that depositors at Silicon Valley Bank (“ SVB ”) was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. A statement by the Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB would continue to have access to all of their money after only one business day of closure, including funds held, even those in uninsured deposit accounts excess of the standard FDIC insurance limits, under a systemic risk exception, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market- wide liquidity shortages, impair the ability of companies to access near- term working capital needs, and create additional market and economic uncertainty.** Although we do not have any funds deposited with SVB or Signature Bank, we currently have our cash and cash equivalents held in deposit in accounts at certain FDIC- insured financial institutions, some of which include amounts in excess of the insurance coverage offered by the FDIC. In the future, we may maintain our cash and cash equivalents at financial institutions in the United States in amounts that may be in excess of the FDIC insurance limit of \$ 250, 000. Though to date, we have experienced no loss or lack of access to cash in our operating accounts, in the event of a failure of any of these financial institutions where we maintain our deposits or other assets, we may incur a loss to the extent such loss exceeds the FDIC insurance limitation, which could have a material adverse effect upon our liquidity, financial condition and our results of operations. **There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business**

strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or modify our business plans.