Risk Factors Comparison 2023-08-29 to 2022-08-19 Form: 10-K

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Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could materially and adversely affect our business, financial condition and results of operations and could make an investment in our securities speculative or risky. We encourage you to carefully consider all such risk factors when making investment decisions regarding our company. If any such risks, or any other risks that we do not currently consider to be material, or which are not known to us, materialize, our business, financial condition and operating results could be materially adversely affected. Business and Industry Risks If operators of, or algorithms installed ~~in~~ **on** , our security and inspection systems fail to detect weapons, explosives or other devices or materials that are used to commit a terrorist act **or other mass casualty event** , we could be exposed to product and professional liability and related claims for which we may not have adequate insurance coverage. Our business exposes us to potential product liability risks that are inherent in the development, manufacturing, sale and service of security and inspection systems **, software and threat detection algorithms,** as well as in the provision of training to our customers in the use and operation of such systems. Our customers use our security and inspection systems to help them detect items that could be used in performing terrorist acts **, mass casualty events** or other crimes. Some of our security and inspection systems require that an operator interpret an image of suspicious items within a bag, parcel, container, vehicle or other vessel. Others **use algorithms to** signal to the operator that further investigation is required. In **addition** ~~either case~~ , the training, reliability and competence of the customer' s operator are **often** crucial to the detection of suspicious items. Security inspection systems that signal to the operator that further investigation is required are sometimes referred to in the security industry as " automatic " detection systems. Nevertheless, if such a system were to fail to signal to an operator when an explosive **, weapon** or other contraband was in fact present, resulting in significant **loss of life or** damage, we would be subject to risk of significant product liability claims. Security inspection by technological means is circumstance and application- specific. Our security and inspection systems offer significant capabilities, but also have performance limitations and cannot be designed to ~~work~~ **reveal or detect contraband** under all circumstances **, particularly if criminal actors successfully conceal such items** . They can also malfunction **or underperform** , including if not properly maintained. We also offer turnkey security screening solutions under which we perform ~~certain~~ **some or all** of the security screening tasks that have historically been performed by our customers. Such projects expose us to certain professional liability risks that are inherent in performing security inspection services for the purpose of detecting contraband items, including items that could be used in performing terrorist acts **, mass casualty events** or other crimes. If a contraband item were to pass through our operations and be used to perform a terrorist act **, mass casualty event** or other crime, we would be subject to risk of significant professional liability claims. ~~In addition, there~~ **There** are also many other factors beyond our control that could lead to liability claims should an act of terrorism **, mass casualty event, or other crime** occur. Past terrorism attacks in the U. S. and in other locations worldwide and the potential for future attacks have caused commercial insurance for such threats to become extremely difficult to obtain. In the event that we are found liable following an act of terrorism **or other mass casualty event** , the insurance we currently have in place would not fully cover the claims for damages. Further, if our security and inspection systems fail to, or are perceived to have failed to, help detect a threat, we could experience negative publicity and reputational harm, which could have a material adverse effect on our business, financial conditions and results of operations. The loss of certain of our customers, including government agencies that can modify or terminate agreements more easily than other commercial customers with which we contract, the failure to continue to diversify our customer base or the non- renewal of certain material contracts could have a negative effect on our reputation and could have a material adverse effect on our business, financial condition and results of operations. We sell many of our products to prominent, well- respected institutions, including agencies and departments of the U. S. Government, state and local governments, foreign governments, renowned hospitals and hospital networks, and large military ~~-~~defense and space ~~-~~industry contractors. Many of these larger customers spend considerable resources testing and evaluating our products and our design and manufacturing processes and services. Some of our smaller customers know this and rely on this as an indication of the ~~high-~~quality and reliability of our products and services. As a result, part of our reputation and success depends on our ability to continue to sell to larger institutions that are known for demanding high standards of excellence. The loss or termination of a contract by such an institution, even if for reasons unrelated to the quality of our products or services, could therefore have a more wide- spread and potentially material adverse effect on our business, financial condition and results of operations. Our acquisition and alliance activities could result in disruption of our ongoing business and other operational difficulties, unrecoverable costs, and other negative consequences, any of which could adversely impact our financial condition and results of operations. We intend to continue to make investments in companies, products and technologies, either through acquisitions, investments or alliances. Acquisition and alliance activities often involve risks, including: ● difficulty in assimilating the acquired operations and employees and realizing synergies expected to result from the acquisition; ● potential liabilities of, or claims against, an acquired company, some of which might not be known until after the acquisition; ● difficulty in managing product ~~co-~~ development activities with our alliance partners; ● difficulty in effectively coordinating sales and marketing efforts; ● difficulty in combining product offerings and product lines quickly and effectively; ● difficulty in retaining the key employees of the acquired operation; ● disruption of our ongoing business, including diversion of management time; ● inability to successfully integrate the acquired technologies and operations into our businesses and maintain uniform standards, controls, policies and procedures; ● unanticipated changes in market or industry practices that adversely impact our strategic and financial expectations regarding an acquired company or acquired assets and

require us to write off or dispose of such acquired company or assets; ● lacking the experience necessary to enter into new product or technology markets successfully; and ● difficulty in integrating financial reporting systems and implementing controls, procedures and policies, including disclosure controls and procedures and internal control over financial reporting, appropriate for public companies of our size at companies that, prior to the acquisition, had lacked such controls, procedures and policies. Integrating acquired businesses has been and will continue to be complex, time consuming and expensive, and can negatively impact the effectiveness of our internal control over financial reporting. The use of debt to fund acquisitions or for other related purposes increases our interest expense and leverage. If we issue equity securities as consideration in an acquisition, current stockholders percentage ownership and earnings per share may be diluted. As a result of these and other risks, we cannot be certain that our previous or future acquisitions will be successful and will not materially adversely affect the conduct, operating results or financial condition of our business. ~~17Substantial~~ -- **Substantial** declines in crude oil prices or extended periods of low crude oil prices may adversely affect our business, financial condition, and results of operations. Some of our international customers have procurement budgets that are strongly correlated with fluctuations in the price of crude oil. Historically, the market for crude oil has been volatile and unpredictable. Crude oil prices are subject to rapid and significant fluctuations in response to global events and relatively minor changes in supply and demand. While factors relating the price of crude oil to demand for our products and services are complex, a period of depressed crude oil prices may adversely affect our business, financial condition, and results of operations. Unfavorable currency exchange rate fluctuations could adversely affect our financial results. Our international sales and our operations in foreign countries expose us to risks associated with fluctuating currency values and exchange rates. Gains and losses on the conversion of accounts receivable, accounts payable and other monetary assets and liabilities to U. S. dollars may contribute to fluctuations in our results of operations. **We also use forward contracts which are intended to mitigate the impact of certain foreign currency exposures. These forward contracts may not completely offset foreign currency gains and losses.** In addition, since we conduct business in currencies other than the U. S. dollar but report our financial results in U. S. dollars, increases or decreases in the value of the U. S. dollar relative to other currencies could have a material adverse effect on our business, financial condition and results of operations. ~~U~~ **18U** . S. budgeting process disruptions could reduce government spending, which could adversely impact our revenues, earnings, cash flows and financial condition. Funding for U. S. federal Government activities takes place on an annual basis with the Government fiscal year beginning on October 1 and ending on September 30. In recent years, the budgeting process has often not been completed by October 1st, which has required temporary extensions of funding authority, known as a continuing resolution. Because the provision of appropriated funds is undertaken on an annual basis and subject to budgetary rules and requirements, there can be disruptions to federal funding of current and future procurements. We face aggressive competition in each of our operating divisions. If we do not compete effectively, our business will be harmed. We encounter aggressive competition from numerous competitors in each of our divisions. In the security and inspection and patient monitoring and cardiology systems markets, competition is based primarily on such factors as product performance, functionality and quality, prior customer relationships, technological capabilities of the product, price, certification by government authorities, past performance, local market presence and breadth of sales and service organization. In the optoelectronic devices and electronics manufacturing markets, competition is based primarily on factors such as expertise in the design and development of optoelectronic devices, product quality, timeliness of delivery, price, customer technical support and on the ability to provide fully- integrated services from application development and design through volume subsystem production. We may not be able to compete effectively with all of our competitors. To remain competitive, we must develop new products and enhance our existing products and services in a timely manner. We anticipate that we may have to downward adjust the prices of many of our products to stay competitive. In addition, new competitors may emerge and entire product lines or service offerings may be threatened by new technologies or market trends that reduce the value of these product lines or service offerings. Our failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations. Healthcare cost containment pressures and legislative or regulatory reforms may affect our ability to sell our products profitably. Third- party payers globally are developing increasingly sophisticated methods of controlling healthcare costs which can limit the amount that healthcare providers may be willing to pay for medical devices. In the United States, hospital and other healthcare provider customers that purchase our products typically bill various third- party payers to cover all or a portion of the costs and fees associated with the procedures or tests in which our products are used and bill patients for any deductibles or ~~co-payments~~ **copayments** . Because there is often no separate reimbursement for our products, any decline in the amount payers are willing to reimburse our customers for the procedures and tests associated with our products could make it difficult for customers to continue using, or adopt, our products and create additional pricing pressure for us. There have been, and we expect there will continue to be, legislative and regulatory proposals to change the healthcare system, and some could significantly affect the ways in which doctors, hospitals, healthcare systems and health insurance companies are compensated for the services they provide, which could have a material impact on our business. It is not clear at this time what changes may impact the ability of hospitals and hospital networks to purchase the patient monitoring, cardiology and remote monitoring, and connected care systems that we sell or if it will alter market- based incentives that hospitals and hospital networks currently face to continually improve, upgrade and expand their use of such equipment. ~~18Efforts~~ -- **Efforts** by governmental and third- party payers to reduce healthcare costs or the implementation of new legislative reforms imposing additional government controls could cause a reduction in sales or in the selling price of our products, which could adversely affect our business, financial condition and results of operations. ~~Consolidation~~ **19Consolidation** in the healthcare industry could have **a material** ~~an~~ **and** adverse effect on our revenues and results of operations. The healthcare industry has been consolidating and organizations such as group purchasing organizations, independent delivery networks, and large single accounts, such as the United States Veterans Administration, continue to consolidate purchasing decisions for many of our healthcare provider customers. As a result, transactions with customers are larger, more complex and tend to involve more long- term contracts. The purchasing power of

these larger customers has increased, and may continue to increase, causing downward pressure on product pricing. If we are not one of the providers selected by one of these organizations, we may be precluded from making sales to its members or participants. Even if we are one of the selected providers, we may be at a disadvantage relative to other selected providers that are able to offer volume discounts based on purchases of a broader range of products. Further, we may be required to commit to pricing that has a material adverse effect on our revenues and profit margins, business, financial condition and results of operations. We expect that market demand, governmental regulation, third- party reimbursement policies and societal pressures will continue to change the worldwide healthcare industry, resulting in further business consolidations and alliances, which may exert further downward pressure on the prices of our products and could **materially and** adversely impact our business, financial condition, and results of operations. Technological advances and evolving industry and regulatory standards and certifications could reduce our future product sales, which could cause our revenues to grow more slowly or decline. The markets for our products are characterized by rapidly changing technology, changing customer needs, evolving industry or regulatory standards and certifications and frequent new product introductions and enhancements. The emergence of new industry or regulatory standards and certification requirements in related fields may adversely affect the demand for our products. This could happen, for example, if new standards and technologies ~~emerged~~ **emerge** that were incompatible with customer deployments of our applications. In addition, any products or processes that we **currently offer or plan to** develop may become obsolete or uneconomical before we recover all or any of the expenses incurred in connection with their development. We cannot provide assurance that we will succeed in developing and marketing product enhancements or new products that respond to technological change, new industry standards, changed customer requirements or competitive products on a timely and cost ~~-~~ effective basis. Additionally, even if we are able to develop new products and product enhancements **to meet any such standards** , we cannot provide assurance that they will be profitable or that they will achieve market acceptance. We develop certain of our security inspection technologies to meet the certification requirements of various **government regulatory** agencies worldwide, including the U. S. Transportation ~~Safety~~ **Security** Administration and the European Civil Aviation Conference among others. Such standards ~~are occasionally subject to~~ change as threat and risk assessments evolve ~~,~~ and ~~we~~ **as new technology becomes available within the industry, which enables regulators to demand performance improvements. We** may not ultimately be able to develop technologies, or develop in a timely way ~~,~~ solutions that are ultimately able to meet the new standards. Certain of our U. S. Government contracts are dependent upon our employees obtaining and maintaining required security clearances, as well as our ability to obtain security clearances for the facilities in which we perform sensitive government work. Certain of our U. S. Government contracts require our employees to maintain various levels of security clearances, and we are required to maintain certain facility security clearances. If we cannot maintain or obtain the required security clearances for our facilities and our employees, or obtain these clearances in a timely manner, we may be unable to perform certain U. S. Government contracts. Further, loss of a facility clearance, or an employee' s failure to obtain or maintain a security clearance, could result in a U. S. Government customer terminating an existing contract or choosing not to renew a contract. Lack of required clearances could also impede our ability to bid on or win new U. S. Government contracts. This could damage our reputation and adversely affect our business, financial condition and results of operations. We could be subject to changes in our tax rates, the adoption of new U. S. or international tax legislation, or exposure to additional tax liabilities. We are subject to taxes in the U. S. and numerous foreign jurisdictions. Tax rates in various jurisdictions may be subject to significant change due to economic and political conditions or otherwise. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or adoption of new tax legislation or changes in tax laws or their interpretation. ~~We~~ **20We** are also subject to the examination of our tax returns and other tax matters by the U. S. Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition and operating results could be materially adversely affected. ~~19The~~ -- **The** conflict between Russia and Ukraine and the related implications may negatively impact our operations. In February 2022, Russia invaded Ukraine. As a result, the U. S. and certain other countries have imposed sanctions on Russia and could impose further sanctions that could damage or disrupt international commerce and the global economy. It is not possible to predict the broader or longer- term consequences of this conflict or the sanctions imposed to date, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, and logistics restrictions including closures of air space, and could increase the costs, risks and adverse impacts from supply chain and logistics challenges. As a result of the conflict between Russia and Ukraine, there is also an increased likelihood of cyberattacks or cybersecurity incidents that could either directly or indirectly impact our operations. Any attempts by cyber attackers to disrupt our information systems or the information systems of our vendors, if successful, could harm our business, result in the misappropriation of funds, be expensive to remedy, and damage our reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to such cyberattacks and cybersecurity incidents. The potential effects of the conflict between Russia and Ukraine also could impact many of the other risk factors described herein. Given the evolving nature of this conflict, the related sanctions, potential governmental actions and economic impact, such potential impacts remain uncertain. We have certain research and development activities within Ukraine for our Healthcare division which have been somewhat impacted and while we expect the impacts of conflict between Russia and Ukraine to continue to have an effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time. Operational RisksAs a U. S. Government contractor,

we are subject to extensive Federal procurement rules and regulations as well as contractual obligations that are unique to doing business with the U. S. Government. Non- compliance with any such rules, regulations or contractual obligations could negatively affect current programs, potential awards and our ability to do business with the U. S. Government in the future. U. S. Government contractors must comply with extensive procurement regulations and other requirements including, but not limited to, those appearing in the Federal Acquisition Regulation (FAR) and its supplements, as well as specific procurement rules and contractual conditions imposed by various U. S. Government agencies. In addition, U. S. Government contracts typically contain provisions and are subject to laws and regulations that provide ~~Government~~ **government** agencies rights not typically found in commercial contracts, including the ability to: (i) terminate, reduce the value of, or otherwise modify existing contracts; (ii) suspend or prohibit us from doing business with the ~~Government~~ **government** or a specific ~~Government~~ **government** agency; and (iii) claim rights in technologies and systems invented, developed or produced by us at the ~~Government~~ **government** ' s expense. U. S. Government agencies and the agencies of many other governments with which we contract can terminate their contracts with us for convenience, and in that event, we generally may recover only our incurred costs and expenses on the work completed prior to termination. If an agency terminates a contract with us for default, we may be denied any recovery and may be liable for excess costs incurred by the agency in procuring undelivered items from an alternative source. Decisions by an agency to terminate one of our contracts for default could negatively affect our ability to win future awards not only from such agency, but also from other government agencies and commercial customers, many of whom evaluate past performance, or are required to review past performance information, when making their procurement decisions. ~~U~~ **21U** . S. Government agencies may also initiate civil False Claims Act litigation against us based on allegations related to our performance of contracts for the U. S. Government, or to our compliance with procurement regulations and other legal requirements to which such contracts are subject, or both. Such litigation can be expensive to defend and if found liable can result in treble damages and significant civil penalties. The U. S. Government may also initiate administrative proceedings that, if resulting in an adverse finding against us or any of our subsidiaries as to our present responsibility to be a U. S. Government contractor or subcontractor, could result in our company or our subsidiaries being suspended for a period of time from eligibility for ~~awards~~ **award** of new government contracts or task orders or in a loss of export privileges and, if satisfying the requisite level of seriousness, in our debarment from contracting with the U. S. Government for a specified term as well as being subject to other remedies available to the U. S. Government. The occurrence of any of the foregoing events could result in a material adverse effect on our business, financial condition and results of operations. **Due to the competitive process to obtain contracts and the likelihood of protests, we may be unable to achieve or sustain revenue growth and profitability. A significant portion of our business is generally awarded through a competitive bidding process, which involves substantial costs, including cost and time to prepare bids and proposals for contracts that may not be awarded to us, may be split among competitors or that may be awarded but for which we do not receive meaningful task orders. Following contract award, we may encounter significant expense, delay, contract modifications or even contract loss as a result of our competitors protesting the award of contracts to us in competitive bidding. Any resulting loss or delay of start- up and funding of work under protested contract awards may adversely affect our revenues and profitability. In addition, multi- award contracts require that we make sustained post- award efforts to obtain task orders under the contract. As a result, we may not be able to obtain these task orders or recognize revenues under these multi- award contracts.** ~~20Our~~ **Our failure to compete effectively in this procurement environment would adversely affect our revenues and profitability. Our** revenues are dependent on orders of security and inspection systems, turnkey security screening solutions and patient monitoring and cardiology and remote monitoring systems, which may have lengthy and unpredictable sales cycles. Sales of security and inspection systems and turnkey security screening solutions often depend upon the decision of governmental agencies to upgrade or expand existing airports, border crossing inspection sites, seaport inspection sites, military facilities and other security installations. In the case of turnkey security screening solutions, the commencement of screening operations may be dependent on the approval, by a government agency, of the protocols and procedures that our personnel are to follow during the performance of their activities. In addition, turnkey screening solutions projects, in contrast to the sale and installation of security inspection equipment, also require that we hire and manage large numbers of local personnel in jurisdictions where we may not have previously operated. Sales outside of the United States of our patient monitoring and cardiology and remote monitoring systems depend in significant part on the decision of governmental agencies to build new medical facilities or to expand or update existing medical facilities. Accordingly, a significant portion of our sales of security and inspection systems, turnkey security screening solutions and our patient monitoring and cardiology and remote monitoring systems is often subject to delays associated with the lengthy approval processes. During these approval periods, we expend significant financial and management resources in anticipation of future revenues that may not occur. If we fail to receive such revenues after expending such resources, such failure could have a material adverse effect on our business, financial condition and results of operations. If we do not introduce new products in a timely manner, our products could become obsolete and our operating results would suffer. We sell many of our products in industries characterized by rapid technological changes, frequent new product and service introductions and evolving industry standards and customer needs. Without the timely introduction of new products and enhancements, our products could become technologically obsolete over time, in which case our revenue and operating results would suffer. The success of our new product offerings will depend upon several factors, including our ability to: (i) accurately anticipate customer needs; (ii) innovate and develop new technologies and applications; (iii) successfully commercialize new technologies in a timely manner; (iv) price our products competitively and manufacture and deliver our products in sufficient volumes and on time; and (v) differentiate our offerings from our competitors' offerings. Some of our products are used by our customers to develop, test and manufacture their products. We therefore must anticipate industry trends and develop products in advance of the commercialization of our customers' products. In developing any new product, we may be required to make a substantial investment before we can determine the commercial

viability of the new product. If we fail to accurately foresee our customers' needs and future activities, we may invest heavily in research and development of products that do not lead to significant revenues. ~~Interruptions~~ **22Interruptions** in our ability to purchase raw materials and subcomponents may adversely affect our profitability. We purchase raw materials and certain subcomponents from third parties. We generally do not have guaranteed long- term supply arrangements with our suppliers. In addition, for certain raw materials and subcomponents that we use, there are a limited number of potential suppliers that we have qualified or that we are currently able to qualify. Consequently, some of the key raw materials and subcomponents that we use are currently available to us only from a single vendor. The reliance on a single qualified vendor could result in delays in delivering products or increases in the cost of manufacturing the affected products. Any material interruption in our ability to purchase necessary raw materials or subcomponents or a significant increase in price of raw materials or subcomponents could adversely affect our ability to fulfill customer orders and therefore could ultimately have a material adverse effect on our business, financial condition and results of operations. We contract with third ~~-~~parties that may be unable to fulfill contracts on time. We contract with third- party vendors to service our equipment in the field. We have made such arrangements because sometimes it is more efficient to outsource these activities than it is for our own employees to service our equipment. In addition, some of these vendors maintain stocks of spare parts that are more efficiently accessed in conjunction with a service agreement than would be the case if we were to maintain such spare parts independently. Any material interruption in the ability of our vendors to fulfill such service contracts could adversely affect our ability to fulfill customer orders and therefore could ultimately have a material adverse effect on our business, financial condition and results of operations. Additionally, purchasers of our security and inspection systems and turnkey security screening solutions sometimes require the construction of the facilities that will house our systems and / or operations. We engage qualified construction firms to perform this work. However, if such firms experience delays, if they perform sub- standard work or if we fail to properly monitor the quality of their work or the timeliness of their progress, we may not be able to complete our construction projects on time. In any such circumstance, we could face the imposition of delay penalties and breach of contract claims by our customer. Any material delay caused by our construction firm subcontractors could therefore ultimately have a material adverse effect on our business, financial condition and results of operations. ~~21We~~ **We** accumulate excess inventory from time to time. Because of long lead times and specialized product designs, in certain cases we purchase components and manufacture products in anticipation of customer orders based on customer forecasts. For a variety of reasons, such as decreased end- user demand for our products or other factors, our customers might not purchase all the products that we have manufactured or for which we have purchased components. To the extent that we are unsuccessful in recouping our material and manufacturing costs, this could have a material adverse effect on our business, financial condition and results of operations. In addition, because of the complex customer acceptance criteria associated with some of our products, on some occasions, products the title of which has passed to our customers are still included in our inventory until revenue recognition criteria are met. As a result, inventory levels are elevated from time to time. Economic, political, legal, operational and other risks associated with international sales and operations could adversely affect our financial performance. Our businesses are subject to risks associated with doing business internationally. We anticipate that revenues from international operations will continue to represent a substantial portion of our total revenue. In addition, many of our manufacturing facilities, and therefore employees, suppliers, real property, capital equipment, cash and other assets are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including without limitation: ● changes in foreign currency exchange rates; ● changes in a country' s or region' s political or economic conditions, particularly in developing or emerging markets; ● political and economic instability, including the possibility of civil unrest, terrorism, mass violence or armed conflict; ● longer payment cycles of foreign customers and difficulty of collecting receivables in foreign jurisdictions; ● imposition of domestic and international taxes, export controls, tariffs, embargoes, sanctions, trade disputes, and other trade restrictions; ● difficulty in staffing and managing widespread operations; ● difficulty in managing distributors and sales agents and their compliance with applicable laws; ● changes in a foreign government' s budget, leadership and national priorities; ● increased legal risks arising from differing legal systems; and ● compliance with export control and ~~anti- corruption~~ **anticorruption** legislation, including but not limited to, the Foreign Corrupt Practices Act and UK Bribery Act and International Traffic in Arms Regulations **. 23There are inherent risks associated with operations in Mexico. We are currently in the process of fulfilling agreements to provide cargo and vehicle inspection systems and related services to government customers in Mexico. These agreements are significant to our business, financial condition and results of operations. The following are certain risks to operating in Mexico that could adversely impact our operations and have a material adverse effect on our business, financial condition and results of operations: (i) ability of key suppliers and subcontractors to fulfill obligations on a timely basis; (ii) cooperation of various departments of the Mexican government in issuing permits, and inspecting our operations on a timely basis; (iii) receipt of payments in a timely manner; (iv) significant penalties in the event of our late delivery or non- performance; (v) termination or change in scope of program at the election of the Mexican government; (vi) regional political and economic instability; (vii) high rate of crime in Mexico where we conduct operations; and (viii) change in the value of the Mexican peso** . Our operations are vulnerable to interruption or loss due to natural disasters, epidemics or pandemics such as COVID- 19, terrorist acts and other events beyond our control, which could adversely impact our operations. Although we perform manufacturing in multiple locations, we generally do not have redundant manufacturing capabilities in place for any particular product or component. As a result, we depend on our current facilities for the continued operation of our business. A natural disaster, epidemic or pandemic, terrorist act, act of war, civil unrest, or other natural or manmade disaster affecting any of our facilities could significantly disrupt our operations, or delay or prevent product manufacturing and shipment for the time required to repair, rebuild, or replace our manufacturing facilities. This delay could be lengthy and we could incur significant expenses to repair or replace the facilities. Any similar natural or manmade disaster that affects a key supplier or customer could lead to a similar disruption in our business. As an example, the COVID- 19 pandemic ~~has~~ resulted in governments around the world implementing stringent

measures to help combat the spread of the virus, including quarantines, " shelter in place " and " stay at home " orders, travel restrictions, business curtailments, school closures, and other measures, which has led to a global economic slowdown and impacted the financial markets of many countries. In particular, the COVID- 19 pandemic ~~has~~ significantly reduced airline passenger traffic, which ~~reduces~~ **reduced** demand for certain of our security screening products and services. To slow and limit the transmission of COVID- 19, governments across the world ~~have~~ imposed significant air travel restrictions ~~and businesses and individuals have canceled air travel plans~~. These restrictions ~~and cancelations have~~ reduced demand for security screening products and related services at airport checkpoints globally ~~as the number of airline passengers requiring screening has fallen. The pandemic has also hampered our ability to meet with our customers and prospective customers. We often provide proposals and quotations to customers and prospective customers only after conducting both technical surveys of the site where our security inspection equipment will be installed and in person meetings with technical and operations staff of customers and prospective customers. 22Many of our products and services are considered to be essential under federal, state and local guidelines. Accordingly, we currently continue to operate across our global footprint; however, given recent government regulations, many of our global facilities are not able to operate at optimal capacity. Notwithstanding our continued operations, COVID- 19 has had and may continue to have further negative impacts on our operations, supply chain, transportation networks and customers, which may compress our margins, including as a result of preventative and precautionary measures that we, other businesses and governments are taking. In addition, the ability of our employees and employees of our suppliers and customers to work may be significantly impacted by individuals contracting or being exposed to COVID- 19, or as a result of the control measures noted above, which may significantly hamper our production throughout the supply chain and constrict sales channels. Our customers may be directly impacted by business curtailments or weak market conditions and may not be willing or able to fulfill their contractual obligations or open letters of credit and may seek to modify or terminate their contracts with us. We may also experience delays in obtaining letters of credit or processing letter of credit payments due to the impacts of COVID- 19 on foreign issuing and U. S. intermediary banks. In addition, the COVID- 19 pandemic may create an increased risk of customer defaults or delays in payments. Our customers may terminate or amend their agreements for the purchase or service of our products due to bankruptcy, lack of liquidity, lack of funding, operational failures, or other reasons. Further, while we currently do not anticipate issues under our credit agreements, events resulting from the effects of the COVID- 19 pandemic may negatively impact our ability to comply with our financial covenants in the future, which could lead us to seek an amendment or waivers from our lenders, limit access to or require accelerated repayment of our existing credit facilities or require us to pursue alternative financing. We have no assurance that any such alternative financing, if required, could be obtained at terms acceptable to us, or at all, including as a result of the effects of COVID- 19 on financial markets at such time. The extent to which COVID- 19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, including new information concerning the severity of the outbreak and the effectiveness of actions globally to contain or mitigate its effects. As we cannot predict the duration or scope of the COVID- 19 pandemic, the estimated negative impact to our results of operations, cash flows and financial position cannot be reasonably estimated but might be material and last for an extended period of time~~. The global supply chain has also been disrupted. Staffing or personnel shortages due to pandemic- related shelter- in- place orders and quarantines have impacted and may continue to impact us and our suppliers. There have been widespread shortages in certain product categories. If the supply chain for materials used in our production process continues to be adversely impacted by COVID- 19 or otherwise, our business, financial condition, and results of operations may be **materially and** adversely impacted. Any recall of our products, either voluntarily or at the direction of the FDA or another governmental authority, or the discovery of serious safety issues with our products that leads to corrective actions, could have a material adverse impact on us. Although we believe that existing data continue to support the efficacy and safety of our patient monitoring, cardiology, and connected care products, in the future, longer term study outcomes could demonstrate conflicting clinical effectiveness, a reduction of effectiveness, no clinical effectiveness or longer- term safety issues. This type of differing data could have a detrimental effect on the market penetration and usage of our medical device products. As a result, our sales may decline or expected growth would be negatively impacted. This could negatively impact our operating condition and financial results. More generally, all medical devices can experience performance problems that require review and possible corrective action by us or a component supplier. We cannot provide assurance that **there will not be** component failures, manufacturing errors, noncompliance with quality system requirements or good manufacturing practices, design defects, software defects ~~, and /~~ or labeling inadequacies in any device that could result in an unsafe condition or injury to the patient ~~will not occur~~. The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or if a product poses an unacceptable risk to health. Manufacturers may also, under their own initiative, stop shipment or recall a product if any material deficiency is found or withdraw a product to improve device performance or for other reasons. A government ~~-~~ mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, noncompliance with good manufacturing practices or quality system requirements, design or labeling defects or other deficiencies and issues. Similar regulatory agencies in other countries have similar authority to recall products because of material deficiencies or defects in design or manufacture that could endanger health. A recall involving our products could be particularly harmful to our business, financial and operating results. In addition, under the FDA' s medical device reporting regulations, we are required to report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA or a foreign governmental authority could take enforcement action for failing to report the recalls when they were conducted. ~~23Depending~~ **24Depending** on the corrective action we take to redress a product' s deficiencies or defects, the FDA or applicable foreign regulatory authority may require, or we may decide, that we will need to obtain new approvals or

clearances for the device before we may market or distribute the corrected device. Seeking such approvals or clearances may delay our ability to replace the recalled devices in a timely manner. Moreover, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties, civil penalties or criminal fines. We may also be required to bear other costs or take other actions that may have a negative impact on our sales as well as face material adverse publicity or regulatory consequences, which could harm our business, including our ability to market our products in the future. Any adverse event involving our products, whether in the United States or abroad, could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection, mandatory recall, orders of repair, replacement or refund or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital and may harm our reputation and financial results. We rely on third parties and our own systems for interaction with our customers and suppliers and employees, and a failure of a key information technology system, process or site or any other failure or interruption in the services provided by these third parties or our own systems could have a material adverse impact on our ability to conduct business. We rely extensively on our information technology systems and systems and services provided by third parties to interact with our employees and our customers and suppliers. These interactions include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, shipping product to customers, processing transactions, summarizing and reporting results of operations, transmitting data used by our service personnel and by and among our wide- spread personnel and facilities, complying with regulatory, legal and tax requirements, and other processes necessary to manage our business. We do not control our third- party service providers and we do not maintain redundant systems for some of such services, increasing our vulnerability to problems with such services. If the systems on which we rely are damaged or cease to function properly due to any number of causes, ranging from failures of our third- party service providers to catastrophic events, to power outages, to security breaches, we may suffer interruptions in our ability to manage operations which may adversely impact our business, results of operations and / or financial condition. We could suffer a loss of revenue and increased costs, exposure to significant liability, reputational harm, and other serious negative consequences if we sustain cyber- attacks or other data security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us or our customers, suppliers, or other third parties **; our products and services may be subject to potential cyber- attacks or other information technology vulnerabilities** . We manage and store proprietary, sensitive and confidential data related to our business operations. We may be subject to cyber- attacks and breaches of the information technology systems we use for these purposes. Experienced programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions, or cause shutdowns. Hackers may also be able to develop and deploy viruses, worms, malware, ransomware and other malicious software programs that attack our systems or otherwise exploit security vulnerabilities in our systems ~~and / or~~ products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacturing, including " bugs " and other problems that could unexpectedly interfere with the operation of our systems or products. Cyber- threats vary in technique, are persistent, frequently change, and increasingly are more sophisticated, targeted, and difficult to detect or prevent. We expend significant capital and resources to protect against the threat of security breaches, including cyber- attacks, viruses, worms, malware, ransomware and other malicious software programs. Substantial additional expenditures may be required before or after a cyber- attack to mitigate or alleviate problems caused by the unauthorized access, theft of data stored within our information systems, or the introduction of computer malware or ransomware to our environment. Our remediation efforts may not be successful, and there could be interruptions, delays, or cessation of service due to cyber- ~~attachs~~ **attacks** or other data security breaches. We often identify attempts to gain unauthorized access to our systems. Given the rapidly evolving nature and proliferation of cyber threats, there can be no assurance that our employee training, operational, and other technical security measures or other controls will detect, prevent or remediate security or data breaches in a timely manner or otherwise prevent unauthorized access, damage, or interruption of our systems and operations. We are likely to face attempted cyber- attacks in the future. Accordingly, we may be vulnerable to losses associated with the improper functioning, security breach, or unavailability of our information systems as well as any systems used in acquired operations. ~~In~~ **25In** addition, breaches of our security measures and the unapproved use or disclosure of proprietary information or sensitive or confidential data about us or our suppliers, customers or other third parties could expose us or any such affected third party to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business, even if we were not responsible for the breach. Furthermore, we are exposed to additional risks because we rely in certain capacities on third- party software, data management, and cloud service providers with possible security problems and security vulnerabilities beyond our control. Media or other reports of perceived security vulnerabilities to our systems or those of our third- party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and materially impact our business. **Our products and services may also be at risk of cyber- attacks and security breaches. While we design and build security measures into our products and services, once installed and implemented at customer sites those measures may not prevent all cybersecurity attacks targeted against their networks and datacenters, such as the unauthorized access, capture, or alteration of information; the exposure or exploitation of potential security vulnerabilities; distributed denial of service attacks; the installation of malware or ransomware; acts of vandalism; computer viruses; or misplaced data or data loss. A significant actual or perceived (whether or not valid) theft, loss, fraudulent use or misuse of customer, employee, or other personally identifiable data, whether by us, our partners and vendors, or other third parties, or as a result of employee error or malfeasance or otherwise, non- compliance with applicable industry standards or our contractual or other legal obligations regarding such data, or a violation of our privacy and information security policies with respect to such data, could result in costs, fines, litigation, or regulatory actions against us. Such an event could additionally result in unfavorable publicity and therefore**

materially and adversely affect the market' s perception of the security and reliability of our products and services and our credibility and reputation with our customers. ~~24Given --~~ **Given** increasing cyber security threats, there can be no assurance that we will not experience business interruptions, data loss, ransom, misappropriation, or corruption or theft or misuse of proprietary information or related litigation and investigation, any of which could have a material adverse effect on our financial condition and results of operations and harm our business reputation **. Delays, costs, and disruptions that result from upgrading, integrating and maintaining the security of our information and technology networks and systems could materially adversely affect us. We are dependent on information technology networks and systems, including Internet and Internet- based or " cloud " computing services, to collect, process, transmit, and store electronic information. We are currently modernizing and upgrading our information technology systems while simultaneously integrating systems from our various acquisitions, including making changes to legacy systems, and replacing some legacy systems with new and advanced functionality. While upgrading and implementing change to any one of our systems could present challenges, the age of our systems and architecture may present unique challenges that we have not previously encountered as we undertake these efforts. There are inherent costs and risks associated with integrating, replacing and changing these systems and implementing new systems, including potential disruption of our sales and operations, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, demands on management time, securing our systems along with dependent processes from cybersecurity threats, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. The implementation of or delay in implementing new information technology systems may also cause disruptions in our business operations and impede our ability to comply with constantly evolving laws, regulations and industry standards addressing information and technology networks, privacy and data security, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows** . Our inability to successfully manage the implementation of a company- wide enterprise resource planning (" ERP ") system could adversely affect our operating results. We are in the process of implementing a new company- wide ERP system. This process has been and continues to be complex and time- consuming and we expect to incur additional capital outlays and expenses. This ERP system will modernize and replace many of our existing operating and financial systems, which is a major undertaking from a financial management and personnel perspective. Should the new ERP system not be implemented successfully throughout all our business units ~~on time and within~~ **, be significantly delayed or over-** budget ~~,~~ or if the system does not perform in a satisfactory manner, it could be disruptive and adversely affect our operations, including our potential ability to report accurate, timely and consistent financial results, our ability to purchase supplies, components and raw materials from suppliers, and our ability to timely deliver products and services to customers and / or collect receivables from them. If the new ERP system is not successfully and fully implemented, it could negatively affect our financial reporting, inventory management, future sales, profitability and financial condition. ~~Our~~ **26Our** credit facility contains provisions that could restrict our ability to finance our future operations or engage in other business activities that may be in our interest. Our credit facility contains a number of significant covenants that, among other things, limit our ability to: (i) dispose of assets; (ii) incur certain additional indebtedness; (iii) repay certain indebtedness; (iv) create liens on assets; (v) pay dividends on our Common Stock; (vi) make certain investments, loans and advances; (vii) repurchase or redeem capital stock; (viii) make certain capital expenditures; (ix) engage in acquisitions, mergers or consolidations; and (x) engage in certain transactions with subsidiaries and affiliates. These covenants could limit our ability to plan for or react to market conditions, finance our operations, engage in strategic acquisitions or disposals or meet our capital needs or could otherwise restrict our activities or business plans. Our ability to comply with these covenants may be affected by events beyond our control. In addition, our credit facility also requires us to maintain compliance with certain financial ratios. Our inability to comply with the required financial ratios or covenants could result in an event of default under our credit facility. A default, if not cured or waived, may permit acceleration of our indebtedness. In addition, our lenders could terminate their commitments to make further extensions of credit under our credit facility. If our indebtedness is accelerated, we cannot be certain that we will have sufficient funds to pay the accelerated indebtedness or that we will have the ability to refinance accelerated indebtedness on terms favorable to us or at all. If we are not able to refinance existing indebtedness on acceptable terms, our ability to finance our operations, engage in strategic acquisitions, and otherwise meet our capital needs would be significantly impaired. Legal and Regulatory RisksThe Support Anti- terrorism by Fostering Effective Technologies Act of 2002 (SAFETY Act) may not shield us against legal claims we may face following an act of terrorism. The SAFETY Act provides important legal liability protections for providers of qualified anti- terrorism products and services. Under the SAFETY Act, providers, such as our Security division, may apply to the U. S. Department of Homeland Security for coverage of their products and services. If granted coverage, such providers receive certain legal protections against product liability, professional liability and certain other claims that could arise following an act of terrorism. We have applied to the U. S. Department of Homeland Security for many of the products and services offered by our Security division, but we do not enjoy coverage under the SAFETY Act (or the highest level of coverage) for every product line, model number and service offering that our Security division provides. In addition, the terms of the SAFETY Act coverage decisions awarded to us by the U. S. Department of Homeland Security restrict coverage to specific ~~models --~~ **model** numbers **, software,** and options within our product lines, **sales to specific customers, and** impose **various** other limitations, and contain conditions and requirements that we may not (or may not be able to) continue to satisfy in the future. Delays by the U. S. Department of Homeland Security in granting coverage (or extensions of coverage) and in our ability to meet the evolving standards of the SAFETY Act application process has and may in the future continue to result in coverage limitations for our products and services. If we fail to maintain **SAFETY Act protections** for each of our product models, options, offerings, software and services, or fail to apply in a timely way for coverage for new products, models, and services as we acquire or introduce them, or if the U. S. Department of Homeland Security limits the scope of any coverage previously

awarded to us, denies us coverage or continued coverage for a particular product, product line, model, option, offering, software feature, or service, or delays in making decisions about whether to grant us coverage, we may become exposed to legal claims that the SAFETY Act was otherwise designed to prevent. Moreover, the SAFETY Act was not designed to shield providers of qualified anti- terrorism products and services from all types of claims that may arise from acts of terrorism, including from many types of claims lodged in courts outside of the United States or acts of terrorism that occur outside of the United States, which exposes us to legal claims and litigation defense costs despite the SAFETY Act awards we have received. ~~25Our~~ -- **Our** patient monitoring, cardiology and remote monitoring, and connected care systems could give rise to product liability claims and product recall events that could materially and adversely affect our financial condition and results of operations. The development, manufacturing and sale of medical devices expose us to significant risk of product liability claims, product recalls and, sometimes, product failure claims. We face an inherent business risk of financial exposure to product liability claims if the use of our medical devices results in personal injury or death. Substantial product liability litigation currently exists within the medical device industry. Some of our patient monitoring, cardiology and remote monitoring, and connected care products may become subject to product liability claims and / or product recalls. Future product liability claims and / or product recall costs may exceed the limits of our insurance coverages, or such insurance may not continue to be available to us on commercially reasonable terms, or at all. In addition, a significant product liability claim or product recall could significantly damage our reputation for producing safe, reliable and effective products, making it more difficult for us to market and sell our products in the future. Consequently, a product liability claim, product recall or other claim could have a material adverse effect on our business, financial condition and results of operations. ~~Our~~ **27Our** global operations expose us to legal compliance risks related to certain anti- bribery and anti- corruption laws. We are required to comply with the U. S. Foreign Corrupt Practices Act, which prohibits United States companies from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. It also requires us to maintain specific record- keeping standards and adequate internal accounting controls. In addition, we are subject to similar requirements in other countries. Bribery, corruption, and trade laws and regulations, and the enforcement thereof, are increasing in frequency, complexity and severity on a global basis. Although we have internal policies and procedures with the intention of assuring compliance with these laws and regulations, our employees, distributors, resellers and contractors involved in our international sales may take actions in violations of such policies. If our internal controls and compliance program do not adequately prevent or deter our employees, distributors, resellers, contractors and / or other third parties with ~~whom~~ **which** we do business from violating anti- bribery, anti- corruption or similar laws and regulations, we may incur severe fines, penalties and reputational damage. We are subject to import and export controls that could subject us to liability or impair our ability to compete in international markets. Due to the international scope of our operations, we are subject to a complex system of import- and export- related laws and regulations, including U. S. export control and customs regulations and customs regulations of other countries. These regulations are complex and vary among the legal jurisdictions in which we operate. Any alleged or actual failure to comply with such regulations may subject us to government scrutiny, investigation, and civil and criminal penalties, and may limit our ability to import or export our products or to provide services outside the United States. Depending on severity, any of these penalties could have a material impact on our business, financial condition and results of operations. Our business is subject to complex and evolving U. S. and international laws and regulation regarding privacy and data protection. If we fail to meet our compliance obligations under applicable privacy and data protection regulations, even if such compliance by us is inadvertent, or if we are unable to comply with changes to such requirements, we might be subject to fines, legal disputes, or other liabilities that could have a material adverse effect on our financial condition and results of operations. Regulatory authorities around the world are considering legislative and regulatory proposals concerning data protection, and the interpretation and application of data protection laws in the U. S., the EU, and elsewhere are often uncertain and in flux. These laws may be interpreted and applied in a manner that is inconsistent with our data practices. If our data practices are found to be in conflict with privacy and data protection laws or regulations, we could face fines or orders requiring that we change our data practices, which could have an adverse effect on our business, financial condition and results of operations. We must comply with extensive federal and state requirements regarding the use, retention, security, and re- disclosure of patient healthcare information. HIPAA and the regulations that have been issued under it contain substantial restrictions and complex requirements with respect to the use and disclosure of certain individually identifiable health information, referred to as " protected health information ". The HIPAA Privacy Rule prohibits a covered entity or a business associate from using or disclosing protected health information unless the use or disclosure is validly authorized by the individual or is specifically required or permitted under the HIPAA Privacy Rule and only if certain complex requirements are met. The HIPAA Security Rule establishes administrative, organizational, physical, and technical safeguards to protect the privacy, integrity, and availability of electronic protected health information maintained or transmitted by covered entities and business associates. The HIPAA Breach Notification Rule requires that covered entities and business associates, under certain circumstances, notify patients when there has been an improper use or disclosure of protected health information. Any failure or perceived failure of our Company or our products to meet HIPAA standards and related regulatory requirements could expose us to certain notification, penalty, and enforcement risks, damage our reputation, and adversely affect demand for our products and force us to expend significant capital and other resources to address the privacy and security requirements of HIPAA. ~~26In~~ **In** addition, there are other federal laws that include specific privacy and security obligations, above and beyond HIPAA, for certain types of health information and impose additional sanctions and penalties. All 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands have enacted legislation requiring notice to individuals of security breaches involving protected health information, which is not uniformly defined among the breach notification laws. Organizations must review each state' s definitions, mandates, and notification requirements and timelines to appropriately prepare and notify affected individuals and government agencies, including the attorney general, in compliance with such state laws. Further, most states have enacted patient confidentiality laws that protect against the disclosure

of confidential medical information, and many states have adopted or are considering adopting further legislation in this area. These state laws may be more stringent than HIPAA requirements. California passed the California Consumer Privacy Act, which imposes significant changes in data privacy regulation, and New York has passed the Stop Hacks and Improve Electronic Data Security Act, which expands the state' s existing privacy laws. GDPR, a regulation implemented on May 25, 2018 in the EU on data protection and privacy for all individuals in the EU and the EEA, applies to all enterprises, regardless of location, that are doing business in the EU or that collect and analyze data tied to EU and EEA residents. GDPR creates a range of compliance obligations, including stringent technical and security controls surrounding the storage, use, and disclosure of personal information, and significantly increases financial penalties for noncompliance. ~~We~~ **28We** are facing an increasingly complex international regulatory environment which is constantly changing and if we fail to comply with international regulatory requirements, or are unable to comply with changes to such requirements, our financial performance may be harmed. Our international operations and sales subject us to an international regulatory environment which is becoming increasingly complex and is constantly changing due to factors beyond our control. Risks associated with our international operations and sales include, without limitation, those arising from the following factors: ● differing legal and court systems and changes to such systems; ● differing labor laws and changes in those laws; ● differing tax laws and changes in those laws; ● differing environmental laws and changes in those laws; ● differing laws governing our distributors and sales agents and changes in those laws; ● differing protection of intellectual property and changes in that protection; and ● differing import and export requirements and changes to those requirements. If we fail to comply with applicable international regulatory requirements, even if such non- compliance by us is inadvertent, or if we are unable to comply with changes to such requirements, our financial performance may be harmed. Substantial government regulation in the United States and abroad may restrict our ability to sell our patient monitoring, cardiology and remote monitoring, and connected care systems, and failure to comply with such laws and regulations may have a material adverse impact on our business. The FDA and comparable regulatory authorities in foreign countries extensively and rigorously regulate our patient monitoring, cardiology and remote monitoring, and connected care systems, including the research and development, design, testing, clinical trials, manufacturing, clearance or approval, safety and efficacy, labeling, advertising, promotion, pricing, recordkeeping, reporting, import and export, post- approval studies and sale and distribution of these products. In the United States, before we can market a new medical device, or a new use of, new claim for, or significant modification to, an existing product, we must first receive clearance under Section 510 (k) of the Federal Food, Drug and Cosmetic Act as discussed under Part I, Item 1, " Business- Regulation of Medical Devices. " Some modifications made to products cleared through a 510 (k) may require a new 510 (k). The FDA can delay, limit or deny clearance or approval of a device for many reasons. Our future products may not obtain FDA clearance on a timely basis, or at all. Further, the FDA makes periodic inspections of medical device manufacturers and in connection with such inspections issues observations when the FDA believes the manufacturer has failed to comply with applicable regulations. If FDA observations are not addressed to the FDA' s satisfaction, the FDA may issue a warning letter ~~and /~~ or proceed directly to other forms of enforcement action, which could include the shutdown of our production facilities, adverse publicity, and civil and criminal penalties. The expense and costs of any corrective actions that we may take, which may include product recalls, correction and removal of products from customer sites and / or changes to our product manufacturing and quality systems, could adversely impact our financial results. Issuance of a warning letter may also lead customers to delay purchasing decisions or cancel orders. ~~27Our~~ -- **Our** patient monitoring, cardiology and remote monitoring, and connected care systems must also comply with the laws and regulations of foreign countries in which we develop, manufacture and market such products. In general, the extent and complexity of medical device regulation is increasing worldwide. This trend is likely to continue, and the cost and time required to obtain marketing clearance in any given country may increase as a result. Our products may not obtain any necessary foreign clearances on a timely basis, or at all. ~~Once~~ **29Once** any of our patient monitoring, cardiology and remote monitoring, or connected care systems is cleared for sale, regulatory authorities may still limit the use of such product, prevent its sale or manufacture or require a recall or withdrawal of such product from the marketplace. Following initial clearance from regulatory authorities, we continue to be subject to extensive regulatory requirements. Government authorities can withdraw marketing clearance or impose sanctions due to our failure to comply with regulatory standards or due to the occurrence of unforeseen problems following initial clearance. Ongoing regulatory requirements are wide- ranging and govern, among other things: (i) annual inspections to retain a CE mark for sale of products in the EU; (ii) product manufacturing; (iii) patient health data protection and medical device security; (iv) supplier substitution; (v) product changes; (vi) process modifications; (vii) medical device reporting; and (viii) product sales and distribution. Legislative or regulatory reforms such as the new EU Medical Devices Regulation may make it more difficult and costly for us to obtain certification, regulatory clearance, or approval of any future products and to manufacture, market, and distribute our products after certification, clearance, or approval is obtained. Following its entry into application on May 26, 2021, the ~~new~~ EU ~~Medical Devices Regulation (~~ MDR ~~), which replaced the EU Medical Devices Directive,~~ introduced substantial changes to the obligations with which medical device manufacturers must comply in the EEA. High risk medical devices are subject to additional scrutiny during the conformity assessment procedure. Unlike directives such as the EU Medical Devices Directive, which must be implemented into the national laws of EEA countries, the EU MDR is directly applicable, without the need for adoption by EEA country laws implementing them, in all EEA countries and intended to eliminate current differences in regulation of medical devices among EEA countries. The EU MDR, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices to ensure a high level of safety and health while supporting innovation. The **EU** MDR imposes a number of new requirements on manufacturers of medical devices and imposes increased compliance obligations for us to access the EEA market. Our failure to comply with applicable foreign regulatory requirements, including those administered by authorities of the EEA countries, could result in enforcement actions against us and impair our ability to market products in the EEA in the future. Any changes to the membership of the EU, such as the ~~recent~~ departure of

the United Kingdom under Brexit, may impact the regulatory requirements for impacted countries and impair our business operations and our ability to market products in such countries. For further discussion of the **EU** MDR, see Part I, Item 1, " Business- Regulation of Medical Devices. " We may be subject to fines, penalties, injunctions, or other enforcement actions if we are determined to be promoting the use of our products for unapproved or " off - label " uses, resulting in damage to our reputation and business. Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of a medical device for a use that has not been cleared or approved by the FDA known as " off - label " use. If the FDA determines that our promotional materials or training constitutes promotion of an off - label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of warning letters, untitled letters, fines, penalties, consent decrees, injunctions, or seizures, which could have an adverse impact on our reputation and financial results. We could also be subject to enforcement action under other federal or state laws, including the False Claims Act. Our failure to comply with federal, state, and foreign laws and regulations relating to our healthcare business could have **a material** ~~an~~ **and** adverse effect on our business. Although we do not provide healthcare services, submit claims for third- party reimbursement or receive payments directly from Medicare, Medicaid or other third- party payers for our products, we are subject to healthcare fraud and abuse regulation and enforcement by federal and state governments. Healthcare fraud and abuse and health information privacy and security laws potentially applicable to our operations are discussed in Part I, Item 1, " Business – Regulation of Medical Devices. " The risk of our being found in violation of these laws and regulations is increased because many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Moreover, recent health care reform legislation has strengthened these laws. For example, the Affordable Care Act, among other things, amended the intent requirement of the federal Anti - Kickback Statute and criminal health care fraud statutes; a person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them to have committed a violation. In addition, the Affordable Care Act provided that the government may assert that a claim including items or services resulting from a violation of the federal Anti - Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. ~~28~~ **30Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Any action against us for violation of these laws could cause us to incur significant legal expenses and divert our management' s attention from the operation of our business. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from governmental health care programs, disgorgement, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could impair our ability to operate our business, financial condition and our financial results. General RisksSignificant inflation and increasing interest rates could materially and adversely affect our business and financial results. The current inflation rate could materially and adversely affect us by increasing our operating costs, including our materials, freight, and labor costs, which are already under pressure due to supply chain constraints. In a highly inflationary environment, we may be unable to raise the sales prices of our products to match the rate of inflation or our increasing operating costs, which could reduce our profit margins and have a material and adverse effect on our financial performance. Further, pressures from inflation could negatively impact the willingness and ability of our customers to purchase our products in the same volumes as have been purchased in the past or are currently being purchased. As interest rates rise to address inflation or otherwise, such increases will impact the base rates applicable in our credit arrangements and will result in borrowed funds becoming more expensive to us over time. These financing pressures also can have a negative impact on customers' willingness to purchase our products in the same volumes as previously purchased. We also use forward contracts which are intended to mitigate the impact of certain foreign currency exposures. These forward contracts may not completely offset foreign currency gains and losses. Our insurance coverage may be inadequate to cover all significant risk exposures. We maintain insurance for certain risks, and we believe our insurance coverage is consistent with general practices within our industry. However, the amount of our insurance coverage may not cover all claims or liabilities and we may be forced to bear substantial costs. Consistent with market conditions in the insurance industry, premiums and deductibles for some of our insurance policies have been increasing and may continue to increase in the future. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. In addition, there can be no assurance that our insurers would not challenge coverage for certain claims. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed, it could have a material adverse effect on our business, financial condition and results of operations. We are involved in various litigation matters, which could have a material adverse effect on our business, financial condition or operating results. Litigation can be lengthy, expensive and disruptive to our operations, and can divert our management' s attention away from the running of our business. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, or by governmental entities in investigations and proceedings. If we are unsuccessful in our defense in litigation matters, or any other legal proceeding, we may be forced to pay damages or fines, some of which may be in excess of our insurance coverage, and / or change our business practices, any of which could have a material adverse effect on our business, financial condition and results of operations. For more information about our litigation matters, see " Legal Proceedings " and Note 11 to the consolidated financial statements. 31**