

Risk Factors Comparison 2025-02-20 to 2024-02-28 Form: 10-K

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We are an early-stage company..... Item 1A. Risk Factors. You should carefully consider the following risk factors, in addition to the other information contained in this Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this Report occurs, our business, operating results and financial condition could be materially harmed. This Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this Report or other risks that we currently deem immaterial or that may be unknown to us. ~~References in this Item 1A Risk Factors to financial information as of dates for periods ended on or prior to April 25, 2022 do not include the financial information of RE2 as of those dates or for those periods.~~ Risks Related to Our Business and Industry We are an early stage company with a history of losses, and expect to incur significant losses for the foreseeable future. We **have incurred losses and negative cash flows from operations since inception and are likely to continue to incur losses and negative cash flows from operations in the near term.** We incurred a net loss of \$ ~~115.72~~ 6 million for the year ended December 31, ~~2023~~ 2024 and a net loss of \$ ~~157.115~~ 16 million for the year ended December 31, ~~2022~~ 2023 . **As of December 31, 2024, we had an accumulated deficit of \$ 490.8 million and working capital of \$ 38.3 million .** We ~~expect~~ believe that we will continue to incur **significant** operating and net losses for the foreseeable future. ~~Our~~ However, our shift in product development and commercialization strategy to focus on our AI / ML **Foundational Technology Software Platform** has affected the timing of expected revenue and **related products** has made forecasting **the timing and amounts of expected revenue and** our quarterly and annual results more challenging , **in particular because the sales cycle, product acceptance, product pricing and customer adoption rates are uncertain** . Even if we are able to successfully develop our AI / ML ~~Software Platform~~ **Foundational Technology and related products** and attract customers for commercial sales, we may not become profitable. Our potential profitability is dependent upon the successful development, commercial introduction and adoption on a large scale of our AI / ML ~~Software Platform~~ **Foundational Technology and related products** and our ability to lower costs, none of which may occur. We ~~expect that we will~~ **may not be successful in achieving meaningful revenues from these products. Further, the timing, amount and growth rate of any such revenues are unknown. We are likely to** continue to incur losses in future periods as we: • continue to design, develop and ~~begin to~~ commercialize our **products** AI / ML Software Platform; • continue to utilize and develop potential new relationships with ~~third-party partners for software design and development~~; • conduct our sales and marketing activities and develop our sales and customer service capabilities; • ~~develop and expand~~ **continue to invest in** our AI / ML ~~Software Platform~~ **Foundational Technology**'s technology infrastructure and cybersecurity measures, policies and controls; and • maintain our general and administrative functions and systems to support our operations and to operate as a publicly-traded company. Because we will incur costs and expenses from these ~~and other~~ efforts before we receive **incremental significant licensing** revenue with respect thereto and because we are still developing our AI / ML Software Platform , we expect that our ~~to incur~~ losses in future periods will continue to , **which could** be significant until we start to achieve significant software licensing revenue . In addition, we may find that these efforts are more expensive than we currently anticipate or that these efforts may result in less than expected or no additional revenue, which would further increase our losses . ~~Due to our limited resources and access~~ **affect our ability to continue operations. We may have to obtain additional capital from external sources , and additional financing may not be available when needed** our ~~or~~ failure to properly estimate the time and expense required to commercialize our hardware-centric industrial robotics solutions , we must make decisions **if available, may not be available** on significant resources **terms favorable** to developing and commercializing ~~us or to~~ our ~~stockholders~~ AI / ML Software Platform, and we may never reach profitability and / or achieve significant or any revenues . ~~See~~ Our business plans require a significant amount of capital. **We** Our future capital needs may require us to sell additional equity or debt securities **to meet capital needs or as we may otherwise determine to be advisable** that may dilute our stockholders or introduce covenants that may restrict our operations or our ability to pay dividends. If we require additional capital and are not able to secure new funding, we may not be able to continue our business operations. ~~Our recent initiatives~~ **operating and financial projections rely on management assumptions and analyses. If these assumptions or analyses prove to be incorrect** improve our cost structure , ~~as~~ including significant workforce the ~~they often~~ allocation of resources and have discontinued development and commercialization of certain products; these decisions may prove to be wrong and may adversely affect our business. We have limited financial and human resources and as a result, we have in the past , and may in the future forgo ~~or our actual~~ **delay pursuit of opportunities with product candidates.....** / ML Software Platform, increase our operating costs, require significant management time and attention or otherwise harm our business. As a result **results** of these ~~may be materially different from~~ **or our expected** other factors, our ~~or forecasted~~ product strategy may not be successful in the foreseeable future, or at all, which could adversely affect our business, reputation, or financial results. We are a ~~development~~ **an early** stage company, with no experience commercializing software products. Our projected financial and operating information reflect estimates of future performance and are based on multiple business, financial, technical and operational assumptions, including product strategy, timely hiring or retention of needed personnel, timing **and success** of commercial launch of our AI / ML ~~Software~~ **software Platform products** , the level of demand for our software ~~platform products~~ , the size of our target markets, the performance **and utilization** of our software **products** platform, the utilization of the platform, product pricing and the nature and length of the sales cycle.

However, given our limited commercial experience, many of these assumptions may prove to be incorrect. Projections and other statements about future expectations are forward- looking statements that are inherently subject to significant risks, uncertainties and contingencies, many of which are beyond our control (in addition to the information contained in these Risk Factors, see “Special Note Regarding Forward- Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”). **We have yet to achieve positive operating cash flow, and our ability to generate positive cash flow is uncertain.** We had negative cash flow from operating activities of \$ 76.22 . 6 million and \$ 65.76 . 46 million for the years ended December 31, 2024 and 2023 and 2022, respectively. We expect to continue to have negative cash flow from operating and investing activities for the foreseeable future as we expect to incur research and development, sales and marketing, and general and administrative expenses and make capital expenditures in our efforts to commercialize our AI/ML Software software Platform products, increase sales and engage in continuous development work. We may not achieve positive cash flow in the near future or at all. Our business also will may at times require significant amounts of working capital to support the sales growth of or additional products— product development efforts. An inability to generate positive cash flow for the near term may adversely affect our ability to raise capital for our business on reasonable terms, adversely affect our ability to pursue our business objectives, diminish customer willingness to enter into transactions with us and have other adverse effects that may decrease, all of which would affect our long-term viability— ability to continue operations. See “We are an early stage company with a history of losses, and expect to incur significant losses for the foreseeable future.” We have no previous history or experience with commercializing software products and may not be able to do so efficiently or, effectively or at all. We were unsuccessful in our efforts to commercialize the hardware technologies that we and our predecessor companies developed over the past several decades. We have no previous history or experience commercializing AI / ML software products or platforms and may not be able to do so efficiently or effectively or at all. Further, we have historically also been we were unsuccessful in our efforts to commercialize our hardware products. Moreover, commercialization may be delayed due to the challenges discussed under “Successful Commercialization commercialization of our AI / ML Software Platform Foundational Technology and related products may be delayed beyond our current expectations and therefore initial product availability to customers, customer acquisition and receipt of anticipated software licensing revenue could be delayed.” the “The development of our AI/ML Software software products is Platform will be a complex, and evolving process, and long-term initiative that will involve involves the development of new and emerging technologies, continued investment, including in privacy, safety and security efforts, and potential collaborations with other companies, developers, partners and other participants. Market acceptance of Our AI/ML Software Platform may not develop in accordance with our software products expectations and its market acceptance is uncertain and we may need to change product features to meet customer needs. We regularly evaluate our product roadmaps and make significant changes as our understanding of the technological challenges and market landscape and our product ideas and designs evolve. In addition, We also may be unsuccessful in our research and product development efforts. A key element of our long- term business strategy involves sales, marketing, training, and customer service operations, including hiring personnel with the necessary experience. Managing and maintaining these operations is expensive and time consuming, and an inability to leverage such an organization effectively or at all could inhibit potential sales and the penetration and adoption of our AI/ML Software software products Platform into new markets. In addition, certain decisions we make regarding priorities and staffing in these areas in our efforts to responsibly manage our financial resources could have unintended negative effects on our revenue, such as by weakening the sales and marketing infrastructures or lowering the quality of customer service. We are focused focusing our efforts on the development and commercialization of our AI / ML Software Platform. If Foundational Technology and related product products . Product testing and , production or customer use regularly provide feedback on how we can improve our products. If we are unable to demonstrate that our AI/ML Software software products Platform does not deliver the performance, reliability, functionality and / or safety that we or our potential customers expect or quickly address discovered issues, commercial success release and availability to customers may be delayed as we work to address the deficiencies. As a result of such delays, we may receive revenue later than expected or not at all if our potential customers decide to seek alternative solutions to our product products, adversely affecting our results of operations and financial condition. Moreover, our current estimates for completion the release of our AI/ML the initial commercial version of Palladyne Pilot and the achievement of Software software product Platform development efforts and the commencement of sales to potential customers are dependent in part on our ability to hire and retain qualified employees, UAV availability and other factors. If we are unable to recruit and retain employees as needed to complete the development of and commercialize our software products, we may be unable to do so in a timely manner or at all. In addition, we have seen a significant increase in personnel costs due to shortages of qualified personnel in the labor market and general inflationary pressures. Geopolitical geopolitical events and macro- economic conditions, such as the continuing effects of the COVID- 19 pandemic, the current conflicts wars between Russia and Ukraine and between Israel and Hamas in the middle east, inflation and high interest rates, and responses thereto have are also contributing contributed to price increases and may continue to do so. If we are unable to develop and commercialize our software products in a cost efficient manner, our financial results, financial condition and prospects would be materially and adversely affected. Over recent the past year years we have experienced, and we continue to experience, these challenges, which have at times negatively impacted our product development schedules and progress. We expect these challenges to continue and, if they do and if we are unable to effectively mitigate their impact, it is likely that we will be unable to meet our currently expected timelines. If we Our anticipated revenues are successful in commercializing expected to be primarily derived from the licensing of our AI / ML Software software Platform products for the foreseeable future. If we are successful in commercializing our AI / ML Foundational Technology and related products, our revenue will be concentrated in this licensing those software product products for the foreseeable future. We will need to continue to enhance our products, develop our platform new capabilities and establish and grow our customer

base to diversify our revenue and customers. To the extent our AI / ML Software Platform ~~does~~ **Foundational Technology and related products do** not meet customer expectations, or cannot be completed or released on ~~its~~ **their** projected timelines and in line with cost targets, our future revenue ~~and~~, operating results ~~and~~ **financial condition** will be adversely affected. ~~We are~~ **Any issues** in the ~~process of developing~~ **development and use of** our AI / ML Software Platform ~~Foundational Technology or related products~~, ~~any or~~ issues in ~~products developed by others~~, **may result in reputational harm or liability. Any issues** in the development of our ~~or platform~~ **use of our AI / ML Foundational Technology or related products, or issues in products developed by others**, may result in reputational harm or liability. As with many innovations, AI presents risks, challenges ~~and~~ unintended consequences that could affect its adoption, and therefore our business. AI algorithms and training methodologies may be flawed ~~and~~, ~~ineffective~~ **ineffective** or inadequate. AI development or deployment practices by us or others could result in incidents that impair the acceptance of AI solutions or cause harm to individuals or society. These deficiencies and other failures of AI systems could subject us to competitive harm, regulatory action, legal liability ~~and~~ brand or reputational harm. If we enable or offer AI solutions that are controversial because of their impact on human rights, privacy, employment ~~or~~ other social, economic ~~or~~ political issues, we may experience competitive, brand ~~or~~ reputational harm or legal and / or regulatory action. Further, incorporating AI gives rise to litigation risk and risk of non- compliance and unknown ~~cost~~ **costs** of compliance, as AI is an emerging technology for which the legal and regulatory landscape is not fully developed. See " Issues in the development and use of AI / ML ", combined with an uncertain regulatory environment, may result in reputational harm, liability or other adverse consequences to our business operations." ~~With our AI / ML Software Platform still under development, customer trials and discussions may not result in purchases.~~ Our AI / ML Software Platform is still under development ~~Foundational Technology and related products are new technologies, and customer trials and discussions may not result in purchases~~. ~~At present~~ **Our AI / ML Foundational Technology and related products are new technologies. As of the date of this Report**, we have revenue generating contracts with U. S. government customers ~~related to various aspects for the development and testing of our AI / ML software~~ **Foundational Technology and related products**, ~~but and while we continue to engage with numerous other potential customers, we currently have~~ no commercial customers. Our AI / ML Software ~~software~~ **Platform products** ~~contains~~ **contain** advanced software and control technologies that we have developed over many years. The design of our software ~~product~~ **products** is significantly influenced by feedback from potential customers and reflects the needs they express. Even if we are able to successfully incorporate that feedback into our software ~~platform~~ **products**, customers who initially expressed an interest in our software ~~product~~ **products** during the design ~~or testing~~ phase may not ~~ever~~ purchase the software. If we cannot commercialize our AI / ML Software Platform ~~Foundational Technology and related products~~ on our expected schedule, if ~~our products do~~ the AI / ML Software Platform ~~does~~ not offer our potential customers the features, functionality and return on investment that they expect, ~~if potential customers are unwilling or hesitant to adopt new technologies and products such as ours~~ and / or if potential customers are not willing to pay for our software products at the rates that we currently expect, our ability to generate material revenues will be materially impaired. ~~We~~ **Although we began initial customer testing in June 2024 for our Palladyne IQ product, we continue to** have limited knowledge of the customer testing that will be required for customers to ~~adopt~~ **ultimately license** our software ~~platform~~ **products**. As a result, customer testing may take longer than ~~we anticipated~~ **anticipate** by us, and we may not be able to provide such testing to the satisfaction of prospective customers, which could result in longer sales cycles and fewer purchases than anticipated. We may not be able to adapt our ~~platform~~ **products** to reflect customer feedback successfully or at all. If customers who initially express an interest in our software ~~platform~~ **products** and influenced ~~its~~ **their** design ~~designs~~ ultimately do not license our ~~products~~ AI / ML Software ~~platform~~, or if they adopt a competitors' ~~technology~~, our business, prospects, financial condition and operating results would be adversely affected. In addition, to build and maintain our business, we must maintain confidence among customers and potential customers in our AI / ML Software Platform ~~Foundational Technology and related products~~, long- term financial viability and ~~business~~ prospects. Maintaining such confidence may be particularly complicated by certain factors including those that are largely outside of our control, such as our limited commercial software experience, customer unfamiliarity with our software, any delays in development ~~to meet demand~~, product performance, competition and uncertainty regarding the future of AI and robotics. If we do not generate sufficient ~~license~~ **licensing** revenue ~~for our software platform~~, our business, prospects, financial condition and operating results would be materially and adversely affected. Further, if investors, analysts, rating agencies and other third parties are not confident in our AI / ML Software Platform ~~Foundational Technology and related products~~, our ability to commercialize ~~the platform~~ **our products**, our financial viability, or our ~~business~~ prospects, we may not be able to raise any needed funding which would materially and adversely affect our financial condition and prospects ~~and ability to continue operations~~. If our target markets and the robotics industry do not continue to develop as we anticipate or if potential customers do not adopt our AI / ML Software Platform ~~Foundational Technology and related products~~ and license ~~our products~~, our sales will not grow as quickly as expected, or at all, and our business, operating results and financial condition would be harmed. The market for our AI / ML Software Platform ~~Foundational Technology and related products~~ and applications similar to the ones we are developing is relatively new and evolving. We are developing our AI / ML Software ~~software~~ **Platform products** to respond to an increasingly global and complex business environment with rigorous regulatory standards. If organizations do not allocate their budgets as we expect or if we do not succeed in convincing potential customers to license our AI / ML Software ~~software~~ **Platform products**, our sales ~~might~~ **will** not grow as quickly as anticipated, or at all. Economic uncertainty or future deterioration in general economic conditions might also cause our customers to cut or delay their spending, and such cuts might disproportionately affect businesses like ours to the extent customers view our ~~software products as too costly or discretionary~~. **Moreover, market acceptance of our** AI / ML **Foundational Technology and related products** Software Platform ~~as too costly or as discretionary~~. **Moreover, market acceptance of our** AI / ML Software Platform ~~is critical to our continued success~~. Even if the market grows as expected, if potential customers do not adopt our AI / ML Software ~~software~~

Platform products, our business, operating results, financial condition and growth prospects will be materially and adversely affected. If we are not able to generate material revenues from our software products before we exhaust our financial resources, we software product successfully. We may need be unable to cease business adequately control the costs associated with our operations. See We are an early stage company with a history of losses, and expect to incur substantial research significant losses for the foreseeable future." and " development costs and devote significant resources to developing and commercializing our AI / ML Software Platform, and we may never reach profitability and / or achieve significant or any revenues. Our business plans require a significant amount of capital. We Our future capital needs may require us to sell additional equity or debt securities to meet capital needs or as we may otherwise determine to be advisable that may dilute our stockholders or introduce covenants that may restrict our operations or our ability to pay dividends. If we require additional capital and are not able to secure new funding, we may not be able to continue our business operations. Our recent initiatives " If we are unable to improve successfully introduce and implement enhancements, new features or modifications to our east structure AI / ML Foundational Technology Software Platform before we exhaust our financial resources, we may need to cease business operations. If we are unable to successfully introduce and related products implement enhancements, new features or modifications to our AI / ML Software Platform, our business would be harmed. If we are unable to successfully introduce and implement new applications, enhancements or features, or fail to develop new applications that achieve market acceptance or that keep pace with rapid technological developments, our business, operating results, financial condition and growth prospects would be adversely affected. The success of enhancements and new applications depend on several factors, including timely completion, introduction and market acceptance. We must continue to meet changing expectations and requirements of our customers. Any failure of our platform products to operate effectively with future software, such as third-party robotic operating systems, and technologies or to evolve and scale to address the changing needs of our customers could reduce the demand for our platform products or result in customer dissatisfaction. Further, uncertainties about the timing and nature of new software or technologies, or modifications to our platform software or products or existing software or technologies, could increase our research and development expenses. If we are not successful in developing modifications and enhancements to our platform products or if we fail to introduce new applications to market in a timely fashion, our products AI / ML Software Platform might become less marketable, less competitive or obsolete, and consequently our revenue growth might be significantly impaired and our business, operating results and financial condition could be harmed . We may fail to attract or retain customers at sufficient rates or in sufficient numbers or at all . We have no previous history or experience commercializing software products and may not be able to do so efficiently or effectively or at all. To create and grow our customer base, we must license our software to new customers, which we may not be able to do in sufficient numbers or at all. Even if we are able to attract customers, these customers may not maintain a high level of commitment to our software platform products . In addition, we will incur marketing, sales or and other expenses, including referral fees, to attract new customers, which will offset revenue from such customers. For these and other reasons, we could fail to achieve revenue growth, which would adversely affect our results of operations, prospects and financial condition. We expect our AI / ML Software Platform Foundational Technology and related products to be used with robots operating in a wide variety of environments and for a broad range of complex uses. Our success depends on our ability, and the ability of our customers, to implement our products AI / ML Software Platform successfully in these environments. Customer retention will also be largely dependent on the quality and effectiveness of our customer service operations, which may be handled internally by our personnel and also by third- party service providers. We expect that we will need to often assist our customers in implementing our AI / ML Software software Platform products . If we or our customers are unable to implement our products AI / ML Software Platform successfully, or are unable to do so in a timely manner, inadequate performance might result and customer perceptions of our platform technology, products and company might be impaired, our reputation and brand might suffer, we may face legal claims, customers might choose not to renew or expand the use of our platform products and we might lose opportunities for additional sales . We have no previous history with our licensing sales model . We have no experience with licensing software as a business model. The success of our strategy to build recurring revenue streams through software licenses depends on our ability to successfully market our products software platform and the their benefits of our product to customers and to successfully develop a network of ongoing customers that maintain or renew their licenses, pay for upgrades, license additional functionality, or expand the use of the software within their robotic systems. The likelihood of our success must be considered in light of these risks, and our license model may not prove successful. In addition, our competitors may offer different pricing models that may be more attractive to potential customers. We may be required to adjust our sales model in response to these changes, which could adversely affect our financial performance. Important assumptions about market demand, pricing, adoption rates and sales cycles for our future software products may be inaccurate. Our decision to pivot focus our business strategy to focus on the development and commercialization of our commercial AI / ML Software Platform Foundational Technology was based in part on our estimates of the potential addressable market, pricing, adoption rates and sales cycles for our platform related products . However, the market demand for our AI / ML software platform products is unproven, and important assumptions about the characteristics of targeted markets, pricing and sales cycles may be inaccurate. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our software platform products or the future growth of the markets we target. If one or more of the targeted markets experience a shift in customer demand, whether due to new solutions that better address customer needs or otherwise, our software platform products may not compete as effectively, if at all, and it may not be fully developed into a commercial software product. If customer demand does not develop as expected, or if we do not accurately achieve forecast forecasted pricing, adoption rates and sales cycles for our software platform products, our business, results of operations and financial condition will be adversely affected, perhaps materially. The benefits of our AI / ML Software Platform Foundational Technology and related products to customers and projected return on investment have not been substantiated through customer use. Our commercial AI / ML Foundational

Technology Software Platform is under development and has **related products** have not been commercially used by customers. Our **products software platform** may not perform consistent with customers' expectations or consistent with other products which **that** may be or may become available. Any failure of our **products software platform** to perform as expected could harm our reputation and result in adverse publicity, lost revenue, license cancellation, harm to our brand, delays in availability, product liability claims and significant warranty and other expenses and could have a material adverse impact on our business, prospects, financial condition and operating results. We currently intend to target many customers that are large businesses with substantial negotiating power, exacting product standards and potentially competitive internal solutions. If we are unable to sell our software **product products** to these customers, our prospects and results of operations will be adversely affected. We expect that many of our potential customers will be large businesses with substantial negotiating power relative to us and, in some instances, may have internal solutions that are competitive to our **platform AI / ML software products**. These large businesses also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Meeting the technical requirements and securing binding commitments from any of these businesses will require a substantial investment of our time and resources. We may be unable to secure customers from these or other businesses or we may be unable to generate meaningful revenue from these **key** potential customers. If our software **platform is products are** not selected by these large businesses or if these businesses develop or acquire competitive technology, it may have a material adverse effect on our business, prospects, financial condition and operating results. A portion of our **current** revenue is currently and will continue to be generated by contracts with government entities, which make us subject to a number of uncertainties, challenges and risks. Contracts with government entities are subject to a number of risks. Such relationships can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate revenue. **In Government spending may be impacted by various factors, including changing political environments and shifts in government priorities. The impact of any reductions in U. S. government spending could result in the cancellation of our contracts and negatively impact our business, financial condition and results of operations. U. S. government spending may be reduced as a result of the recent change in presidential administration, and the other event that factors affecting the U. S. government such as national security focus areas, budget deficits and the national debt. If** we are successful in being awarded a government contract, such award may be subject to appeals, disputes or litigation, including bid protests by unsuccessful bidders. Government demand and payment for our solutions may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions. Government entities may have statutory, contractual or other legal rights to terminate our contracts for convenience or default. Also, see "We are subject to laws, regulations and contractual provisions as a government contractor or subcontractor, which may pose increased risk of potential liability and expenses related thereto, which could have a material adverse effect on our business, operating results and financial condition". **We operate in a competitive industry that is subject to rapid technological change, and we expect competition to increase. Our products may not be competitive with other alternatives**. The AI / ML **software** and robotics industries are subject to rapid technological change, and we expect competition to increase in the future. Our research and development efforts may be unable to keep up with changes in technology or its alternatives and, as a result, our competitiveness may suffer. Developments in alternative technologies or solutions may materially and adversely affect our competitiveness in ways we do not currently anticipate. While we plan to upgrade and adapt our software **platform products** as we or others develop new technology, any failure by us to develop new or enhanced technologies or processes, or successfully react to changes or advances in existing technologies, could delay our development and introduction of new and enhanced products, which could result in the loss of competitiveness, decreased revenue and a loss of market share to competitors. We believe our AI / ML **Software Platform Foundational Technology and related products** will compete (both directly and indirectly) with companies such as Bright Machines, **C3.ai, Dexterity, Gray Matter Robotics, Intrinsic, Liquid AI, Mujin, Ohi Robotics Physical Intelligence, Rapid Robotics, Skild AI, Anduril, Shield AI and Skydio Ready Robotics**. We believe that our competitors are seeking to solve the same or similar industry challenges as we are, but that most are focused on a particular aspect of the functionality of our AI **Software Platform / ML Foundational Technology** rather than a fully competitive solution. While we view industrial robotics **and cobot** manufacturers **such as ABB, Fanuc, Kawasaki, KUKA, Universal Robots and Yasakawa**, large system integrators such as **Fanuc, KUKA, ABB, Yasakawa, Honeywell, Reply, and Rockwell Automation**, and technology companies such as **NVIDIA** as potential target customers and / or channel **and ecosystem** partners for our **AI / ML software platform products**, we also recognize that these companies **may could also** emerge as formidable competitors through their own internal development efforts or future technology partnerships with and acquisitions of our **direct** competitors. They may bring their robust customer relationships, channels and significant financial resources to help accelerate the market viability of one of our direct or indirect competitors. Many of our competitors and potential competitors have products that are commercially available and / or in development. We expect some products currently in development to become commercially available in the next few years. Further, our products may not be competitive with other alternatives. Our competitor base may change or expand as we continue to develop and commercialize **our software platform products** in the future. Competitors may develop products that utilize advanced technology similar to ours (such as computer vision, AI and ML) in a more effective way, or new technologies or products that provide superior results to customers or are less expensive than our software **platform products**. Our technologies and **products software platform** could be rendered obsolete by such developments. Our competitors may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing, manufacturing and other resources than we do, or may be more successful in attracting potential customers, employees and strategic partners. In addition, potential customers could have long-standing or contractual relationships with competitors. Potential customers may be reluctant to adopt our software **product products**, particularly if they compete with or have the potential to compete with, or diminish the need / utilization of software

product **products** or technologies provided by any of our competitors with whom they may have an existing relationship. If we are not able to compete effectively, our business, prospects, financial condition and operating results will be adversely affected. In addition, because we operate in new and evolving markets, the actions of our competitors could adversely affect our business. Adverse events such as product defects or legal claims with respect to competing or similar products could cause reputational harm to the AI / ML software or robotics markets as a whole and, accordingly, our business. We may not be able to complete or enhance our product offerings through our research and development efforts. **In order to produce Even after introduction of a commercial version of our AI / ML Software Platform, we need to complete our development efforts. Even after introduction of a product commercial version of our platform,** we will also likely need to continue to advance and evolve the product in response to the evolving demands of our customers in the various industries we expect to serve. Our software **Palladyne IQ product** is in the early stages of development and commercialization **and we continue product testing, debugging and refinement, and we have not yet released the initial commercial version of our Palladyne Pilot product**. We will incur significant additional product development efforts and expenses, and we may not be successful in commercializing or marketing our **products software platform** at all or within our currently expected timelines or available resources. **In addition, notwithstanding We released the initial commercial version of our market research efforts Palladyne IQ product on October 1, 2024 and expect to release the initial commercial version of Palladyne Pilot by the end of the first quarter of 2025. See" Successful commercialization of our AI / ML Software Platform Foundational Technology and related products** may not be accepted by **delayed beyond our current expectations and therefore product availability to** customers. The success of the AI / ML Software Platform will depend on numerous factors, including our ability to: • attract, recruit and retain qualified personnel, including engineers; • identify and design the preferred product features for our target customers- **customer acquisition** and **receipt** markets; • develop and introduce the platform in a timely manner with the needed functionality; • adequately protect our intellectual property and avoid infringing upon the intellectual property rights of third parties; and • demonstrate the flexibility, productivity, capabilities and efficiency benefits of our software **product licensing revenue could be delayed.** " **In addition, we** We expect to manage our product development efforts for our AI / ML Software Platform through the development of a pre-commercial product for testing and evaluation. We also make iterative improvements throughout the development process **and intend to continue to do so after commercial release of our products**. If we fail to adequately communicate to customers product improvements throughout the development process, or if customer feedback is not adequately reflected in our product improvements, customers may not be persuaded of the value of our **products software platform**. If we fail to generate demand by developing **products a software platform that incorporates incorporate** features desired by customers, we may fail to generate revenue sufficient to achieve or maintain profitability. We have in the past experienced **with respect to our hardware products** and may in the future experience delays in various phases of product development, including during research and development, **limited** release testing, and marketing and customer education efforts. Further, delays in product development would postpone demonstrations and customer testing, which are important opportunities for customer engagement, and cause us to miss expected timelines. Such delays could cause customers to delay or forgo purchases of our **products software platform**, or to purchase competitors' **2** products. Even if we are able to successfully develop our **products software platform** when **and as** anticipated, we may not produce sales in excess of the costs of development, and our **products software platform** may be quickly rendered obsolete by changing customer preferences or the introduction by competitors of products embodying new technologies or features. If we are unable to successfully manage our product development and communications with customers, customers may choose to not adopt or purchase our **products software platform**, which would adversely affect our business, prospects, financial condition and operating results. Risks Related to Our Operations **& and** Growth Real or perceived design flaws, errors, defects, glitches, bugs or malfunctions (collectively, "**Defects**" "**flaws**") in our AI / ML Software Platform **Foundational Technology and related products**, failure of our software **platform products** to perform as expected, connectivity issues or user errors can result in lower than expected return on investment for customers, **damage to property, personal injury or property damage** and significant **security or** safety concerns, each of which could materially and adversely affect our results of operations, financial condition or reputation. The design, development and **marketing use** of our AI / ML Software Platform **Foundational Technology and related products** involve certain inherent risks. **New software products generally suffer from flaws that are found, often as a result of customer use, and fixed over time.** Real or perceived **Defects-flaws in our products**, connectivity issues, unanticipated **or unintended** use of our **products software platform**, user errors or inadequate disclosure of risks relating to the use of our **products software platform**, among others, can lead to injury, property damage or other adverse events. We **have conducted, are conducting and plan to continue** to conduct extensive testing of our software **platform products**, in some instances in collaboration with our customers, to ensure that any such issues can be identified and addressed **in advance of commercial launch**. However, we may not be able to identify all such issues or, if identified, efforts to address them may not be effective in all cases, and our product testing may not be adequate. We plan to conduct investigations, where applicable, to identify the cause or causes of incidents and, when appropriate, implement changes to testing protocols or to the **products systems and solutions** to prevent such incidents from reoccurring. However, any implemented improvements may not fully prevent similar or other incidents in the future. Moreover, because of the size and weight of the third- party systems that may in the future use our AI / ML Software Platform **Foundational Technology and related products**, and the nature and variability of the environments in which we expect this software to be used, adverse events relating to the use of our **products software platform** could include significant injuries or even death. To the extent that **Defects-flaws** or connectivity issues are discovered during or after the **product** development of the platform, we may experience delays in the development and / or sale of the **platform our products** while the issues are resolved. **For example, we continue our efforts to increase product reliability and stability and conduct ordinary course product testing and debugging have at times resulted in product development delays.** If the **any flaws and related** issues **that may arise** cannot be adequately resolved, **production---** **product sales** of the

platform may not occur and / or resume. In addition, we may not be aware of design-Defects until injury to person or property has occurred. Such adverse events could lead to safety alerts relating to our software **platform products** (either voluntary or required by governmental authorities), and could result, in certain cases, in the removal of our **products software platform** from the market. Defects could also result in negative publicity, damage to our reputation or, in the event of regulatory developments, delays in new product approvals. Complex software may frequently experience errors, especially when first introduced. Our **software products are complex and** may experience errors or performance problems in the future. A failure of any part of our AI / ML **Software Platform Foundational Technology or related products** could result in property damage, serious injury or even death. We plan to implement bug fixes and upgrades as part of our regular **system software** maintenance, which may lead to **system** downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, customers and operators also may fail to install updates and fixes to the software for several reasons, including poor connectivity or inattention. Any such occurrence could cause delay in market acceptance of our software **platform products**, damage to our reputation, increased service and warranty costs, product liability claims and loss of revenue. We anticipate that in the ordinary course of business we may be subject to product liability claims alleging **defects Defects** in the design of our software **platform products**. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs and high punitive damage payments, damage our reputation or require significant costs to redesign or fix our software **platform or products**. Although we maintain product liability insurance, the coverage is subject to deductibles and limitations, and may not be adequate to cover future claims. Even if our AI / ML **Software Platform Foundational Technology** performs properly and **is our products are** used as intended, if personal injuries occur while operating third- party products that use our AI / ML software, we could be exposed to liability and our results of operations, financial condition and reputation may be adversely affected. Third- party systems that may in the future use our AI / ML **Software Platform Foundational Technology will** contain complex technology and must be used as designed and intended in order to operate safely and effectively. **Customers may not Even if our software products are use used the platform as designed and intended, customers may not operate complex third- party systems that use our products safely and effectively.** In addition, we cannot predict all the ways in which the **proper** use or misuse of our **platform products** can lead to injury or damage to property, and our training resources and safety systems may not be successful at preventing all incidents. If personal injury or damage to property were to occur while operating our **platform products** in a manner consistent with our training and instructions or otherwise, we could be exposed to liability and our results of operations, financial condition and reputation may be adversely affected. **We use " open source" software, which could negatively affect our ability to offer our AI / ML Foundational Technology and related products and subject us to possible litigation.** Our AI / ML **Foundational Technology incorporates"** **Software Platform may use** "open source " " software provided by third parties. Open source software is generally freely accessible, usable and modifiable, and is made available to the general public on an " as- is " " basis under the terms of a non- negotiable license. Use and distribution of open source software may entail greater risks than use of third- party commercial software or internally developed software. Open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or other claims relating to violation of intellectual property rights or the quality of the software. In addition, certain open source licenses, like the GNU Affero General Public License, may require us to offer for no cost the components of our **platform software** that incorporate the open source software, to make available source code for modifications or derivative works we create by incorporating or using the open source software or to license our modifications or derivative works under the terms of the particular open source license. If we are required under the terms of an open source license to release our proprietary source code to the public, competitors could create similar products with lower development effort and time, which ultimately could result in a loss of sales for us. We may also face claims alleging noncompliance with open source license terms or infringement, misappropriation or other violation of open source technology. These claims could result in litigation or require us to purchase a costly license, devote additional research and development resources to re- engineer our **platform software**, discontinue the sale of our software **product products** if re- engineering could not be accomplished on a timely or cost- effective basis, or make generally available our proprietary code in source code form, any of which would have a negative effect on our business and operating results, including being enjoined from the offering of the components of our **platform software** that contained the open source software. We could also be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to re- engineer our **platform software**. Although we monitor use of open source software and try to ensure that none is used in a manner that would subject our **platform software** to unintended conditions, few courts have interpreted open source licenses, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our AI / ML **Software Platform Foundational Technology and related products**. We cannot guarantee that we will incorporate open source software in our **platform software** in a manner that will not subject us to liability, or in a manner that is consistent with our current policies and procedures. Our business and prospects depend significantly on our ability to build our brand. We may not succeed in establishing, maintaining and strengthening an effective brand, and our brand and reputation could be harmed by negative publicity regarding us or our AI / ML **Software Platform Foundational Technology and related products**. Our business and prospects are dependent on our ability to develop, maintain and strengthen our brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. We believe that our inability to successfully commercialize our hardware products, and our resulting financial performance, **has damaged our prior brand** . **As a result** and **we are planning to re- reflect our focus on our AI / ML Foundational Technology, in March 2024 we changed our name to Palladyne AI Corp. and have brand-branded the company and our AI / ML software products accordingly** , which could be costly and may not be well received by our existing and potential **customers** . Promoting and positioning our brand will likely depend significantly on our ability to provide high quality software

and engage with our customers as intended. To promote our brand, we may be required to change or expand our customer development and branding practices, **including increased marketing activities**, which could result in substantially increased expenses. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted. In addition, if safety incidents occur or are perceived to have occurred, whether or not such incidents are our fault, we could be subject to adverse publicity or resistance by our customers. In particular, given the popularity of social media, any negative publicity, whether true or not, could quickly proliferate and harm perceptions and confidence in our brands. Furthermore, there is the risk of potential adverse publicity related to our partners whether or not such publicity is related to their collaboration with us. Our ability to successfully position our brand could also be adversely affected by perceptions about the quality of our competitors' products. **Our management team has broad discretion in making strategic decisions to execute our growth plans, and our management's decisions have not always led to the desired result. Current and future decisions may not be successful in achieving our business objectives or may have unintended consequences that negatively impact our growth prospects.** Our management has broad discretion in making strategic decisions to execute our growth plans and may devote time and company resources to new or expanded product offerings, potential acquisitions or strategic alliances, prospective customers or other initiatives that do not necessarily improve our operating results or contribute to our growth. For example, **in November 2023**, we ~~recently determined to pivot~~ **pivoted** our business to focus on the development **and commercialization** of our ~~commercial-AI / ML Software Platform~~ **Foundational Technology and related products** in lieu of hardware products ~~because we believe~~. **We concluded** this strategy ~~meets~~ **met** our ~~previously announced~~ goal of pursuing significant near-term revenue tied to acute customer needs and ~~would reduce~~ **reduce** our capital requirements and related risks in line with available resources. However, this strategy may not prove to be effective. **Our management must make these and other strategic and operational decisions in the context of limited financial and human resources. As a result, we have in the past, as in November 2023, and may in the future forgo opportunities we may have otherwise pursued given sufficient resources, some of which might have had greater likelihood of success.** Any failure by management to make strategic decisions that are ultimately accretive to our growth may result in unfavorable returns and uncertainty about our prospects, each of which could cause the price of our Common Stock to decline and have a material adverse effect on our business, prospects, financial condition and results of ~~and ability to continue~~ **operations**. **If we fail to effectively manage our business, we may not be able to design, develop, market and commercialize our software products successfully.** Any failure to manage our business effectively could materially and adversely affect our prospects, financial condition and operating results. As we work to grow our business, we may need to manage the following activities, among others: • maintaining effective management, engineering and other teams; • retaining and recruiting individuals with the appropriate relevant experience; • hiring and training new personnel; • commercializing our AI / ML ~~Software Platform~~ **Foundational Technology and related products**; • forecasting revenue and implementing enterprise resource planning (~~or ERP~~), systems; • entering into relationships with one or more third-party service providers or partners, including in relation to the development and commercialization of our AI / ML ~~Software Platform~~ **Foundational Technology and related products**; • potentially carrying out acquisitions and entering into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships; • expanding and enhancing internal information technology, safety and security systems; • establishing or expanding sales and customer service organizations; • conducting demonstrations and customer trials of our software ~~platform~~ **products**; and • implementing and enhancing administrative infrastructure, systems, controls and processes. We ~~have conducted two~~ **workforce reductions during 2023 ("2023 RIFs") to decrease** ~~in the past year, the July RIF, affecting approximately 24% of our~~ **costs**, ~~workforce at the time, and~~ **create a more streamlined organization to support** ~~the November RIF, affecting approximately 70% of our workforce at the time, as we evaluated our business, organization, prospects and resources and ultimately decided to focus on our AI / ML Software Platform~~ **Foundational Technology**. However, these RIFs **have placed**, in particular the November RIF, ~~has~~ and will continue to place additional strain on our existing **personnel and other** resources, and we could experience systemic operating difficulties in managing our business and implementing controls and other business processes, resource constraints in our product development and commercialization efforts, or other limitations or difficulties that are difficult to predict at this time. **In addition, while the 2023 RIFs resulted in significant annualized cost savings, we may incur additional expenses not currently contemplated due to events associated with the reduction in force or other similar initiatives and may experience attrition beyond planned staff reductions, which may lead to the loss of institutional knowledge and expertise, increased difficulties in our day-to-day operations, pressure on our controls and processes and reduced employee morale. Moreover, we may not be able to monetize all of the assets unrelated to our current business strategy. We may be unable to adequately control the costs associated with our operations in order to achieve profitability.** We will require significant capital to develop and grow our business, including **successfully** ~~developing our and~~ **commercial-commercializing our** AI / ML ~~Software Platform~~ **Foundational Technology and related products**, establishing or expanding our design, research and development, sales and maintenance and service capabilities and building our brands. We have incurred and expect to continue incurring significant expenses which will impact our profitability, including research and development expenses, sales and marketing expenses as we build our brand and market our software ~~platform~~ **products** and general and administrative expenses. Although the **2023 RIFs will and other cost-saving measures have significantly reduced expenses, and recent financing activities have increased our financial resources, it may be difficult to** ~~reduce expenses~~ **further or maintain current levels while pursuing our business objectives**, the amount of savings may not be as much as we expect. Some of the factors that may lead to cost increases or ~~reduced~~ **difficulty further reducing** ~~cost decreases~~ are outside of our control, such as national or global geopolitical and economic conditions, including inflation and interest rates. In addition, we may incur significant costs upgrading or fixing Defects in our software ~~platform~~ **products**. Our ability to **continue our operations in the long term and potentially** become profitable in the future will not only depend on our ability to **commercialize** ~~complete the~~

design and development of our software platform products to meet customer needs and identify and investigate new areas of demand and successfully market our software product, but also on our ability to sell license our products AI / ML Software Platform at a price prices needed to achieve sufficient revenues and margins and control to cover our cash outlay, including the risks and costs associated with any warranty obligations. If we are unable to efficiently design, develop, market, deploy, distribute and service our software platform products in a cost- effective manner, our operating results, financial condition and prospects would be materially and adversely affected and we may not achieve profitability. We expect to incur substantial research and development costs and devote significant resources to developing and commercializing our AI / ML Software Platform Foundational Technology and related products, which could significantly reduce our and we may never reach profitability and may never result in / or achieve significant or any licensing revenue. Our future growth depends on penetrating new markets, adapting our AI / ML Software Platform Foundational Technology and products to new applications and customer requirements and introducing new features and functionality that achieve market acceptance. We expect to incur substantial, and potentially increasing, research, development, sales and marketing costs as part of our efforts to design, develop, enhance and commercialize our AI / ML Software Platform Foundational Technology and related products. Our research and development program may not produce successful results or, be sufficient to adapt to new or changing technologies (such as AI) and our products may not achieve market acceptance, create additional meaningful or any revenue or become profitable. Our The products related to our AI / ML Software Platform Foundational Technology requires require certain limited hardware components, and we are dependent on our suppliers, some of which are currently single, sole or limited source suppliers. Any inability of these suppliers to deliver necessary components of our products at prices, volumes, performance, timing and specifications acceptable to us could have a material adverse effect on our business, prospects, financial condition and operating results. We plan to maintain a limited set of suppliers for the minimal hardware components that will be offered with are required for use of our Palladyne IQ product AI / ML Software Platform. We expect As of December 31, 2024, most of our key suppliers are to be based in the United States. In some cases, we have sole source (where the component is only available from a single vendor, often as a result of customization for our use) or single source (where we purchase from a single vendor but there are alternative sources of the component) suppliers. We seek to minimize our dependence on sole or single source suppliers in order to reduce risk in our supply chain, including the risk of losing a sole or single source supplier due to bankruptcy, discontinuing production of the particular component or some other reason. However, some of the components used in our products may have to be purchased by us from a single source and some may only be available from a sole source. If our third- party suppliers are unable to supply key components and materials in the required volumes, at the needed times or at acceptable prices, our sales, revenue and profitability will likely be adversely affected and we may not be able to meet our obligations to customers. Our third- party suppliers may also not be able to meet the specifications and performance characteristics required by us, which would impact our ability to achieve our product specifications and performance characteristics as well. Additionally, our third- party suppliers may be unable to obtain required certifications or provide warranties for their products that are necessary for our solutions products. If we are unable to obtain components and materials used in our products from our suppliers, our business would be adversely affected. We have less negotiating leverage with suppliers than larger and more established companies and may not be able to obtain favorable pricing and other terms. For example, agreements with suppliers may include terms that are unfavorable to us, such as requirements that we order components and manufacture systems and solutions in excess of our demand due to minimum order quantity requirements or minimum price thresholds. While we believe that we may be able to establish alternate supply relationships and can obtain or engineer replacement components for our single source components, we may be unable to do so in time to support our production needs, or at all, or at prices or quality levels that are favorable to us. Further, we may not be able to develop satisfactory alternatives to sole- sourced components. Any inability to find satisfactory alternatives to our single- and sole- sourced component suppliers, whether due to bankruptcy of the supplier, a decision to discontinue manufacturing the component or for any other reason, could affect our costs and component availability and have a material adverse effect on our business, prospects, financial condition and operating results. Furthermore, fluctuations or shortages in raw materials or components and other economic conditions, including tariffs, may cause us to experience significant increases in freight charges and material costs. Substantial increases in the prices for our materials would increase our operating costs and could reduce our margins if the increased costs cannot be recouped through increased sales prices. We face risks related to wars, natural disasters, health epidemics and other calamities and supply chain disruption, any of which could significantly disrupt our operations. Our facilities or operations, or any potential third- party suppliers, partners, or service providers could be adversely affected by events outside of our or their control, such as natural disasters, wars, health epidemics, such as the COVID-19 pandemic, and other calamities and force majeure events. Our backup system does not capture data on a real- time basis and we may be unable to recover certain data in the event of a server failure. Our backup system may not be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break- ins, war, riots, terrorist attacks, cybersecurity incidents or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or the malfunction of software or hardware, which could significantly disrupt our operations. Additionally, depending upon any ongoing effects of the COVID-19 pandemic or any other potential health pandemics, epidemics or outbreaks that may emerge, our potential customers and partners may suspend or delay their engagement with us or take other actions or experience their own negative impacts, any of which could result in a material adverse effect on our financial condition and ability to meet current timelines. The COVID- 19 pandemic adversely affected our ability to recruit skilled employees to join our team, conduct research and development activities and engage with development customers, and it or other similar events could do so again and may impede our product development timelines. Events impacting our supply chain could be caused by factors beyond the control of our suppliers or us, including labor actions, increased demand, problems in production or distribution and / or

disruptions in third- party logistics, information technology or transportation systems. Some of our key suppliers are relatively small companies that could be especially susceptible to these risks. In addition, global events in recent years have resulted in widespread global supply chain disruptions to vendors including critical supply chain shortages, labor shortages, significant material cost inflation and extended lead times for items that are required for our operations. Any such interruptions to our supply chain could increase our costs and could limit the availability of products critical to our operations. Risks Related to Our Finances Although we believe we have sufficient capital to fund our business for at least the next 12 months, we may seek additional financing during that time to bolster our cash reserves and ensure our ability to continue to pursue our business objectives. Our current business plans may require us **, or we may deem it advisable,** to secure additional financing prior to achieving positive operating cash flows, and we do not anticipate achieving positive operating cash flows in the near term. As a result, we intend to continue monitoring our liquidity, financial and business results and outlook and market conditions, and may be opportunistic and raise capital when we consider market conditions are good or a favorable opportunity exists to bolster our cash reserves, reduce our financial risk, help finance research and development costs and pursue business objectives. Any delays in the successful commercialization and sales of our software ~~product~~ **products** will negatively impact our ability to generate revenue, our profitability and our overall operating performance and result in the need to raise additional capital sooner than expected. **For further information on our financing activities in the year ended December 31, 2024, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."** Even if we generate positive operating cash flows, we may need to raise significant amounts of additional capital to fund our business thereafter, including to finance ongoing research and development costs, any significant unplanned or accelerated expenses and new strategic alliances or acquisitions. The fact that we have limited experience commercializing our software ~~product~~ **products** , coupled with our belief that our AI / ML ~~Software Platform~~ **Foundational Technology** represents a significant technology advancement, means we have limited to no historical data on the demand for our software ~~platform~~ **products** . In addition, we expect our expenses to continue to be significant in the foreseeable future as we **continue** ~~complete the~~ **development activities** and **bring** ~~launch of~~ **our commercial software platform products to market** , and that our level of cash usage will be significantly affected by customer demand for our ~~platform~~ **products** . As a result, our future capital requirements are uncertain and actual capital requirements may be different from those we currently anticipate. We may need to seek equity or debt financing to finance our expenses and capital expenditures, and such financing might not be available to us in a timely manner or on terms that are acceptable, or at all. Even if available, the sale of additional equity or equity- linked securities could dilute our stockholders, and the incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that would restrict our operations. **Additional financing may not be available to us when we need it or it may not be available on favorable terms.** Our ability to obtain any necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business model. Current capital market conditions, including the impact of inflation, have increased borrowing rates and can be expected to significantly increase our cost of capital as compared to prior periods should we seek additional funding. Moreover, global capital markets have undergone periods of significant volatility and uncertainty in the past, and ~~there can be no assurance that~~ such financing alternatives ~~will~~ **may not** be available to us **in the future** on favorable terms or at all, should we determine it necessary or advisable to seek additional capital . **If we raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, buying or selling assets, making capital expenditures or declaring dividends** . These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds if and when needed, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure or potentially cease operations and liquidate. We might not be able to obtain any funding, and might not have sufficient resources to conduct our business as projected or at all, either of which could mean that we would be forced to curtail or discontinue our operations. If we cannot raise additional funds when we need or want them, our operations, prospects and financial condition would be materially and adversely affected. **Our financial** ~~We have conducted two RIFs in the past year, one in July 2023, affecting approximately 24 % of our workforce at the time, and another in November 2023, affecting approximately 70 % of our workforce at the time. These efforts are expected to result~~ **results** ~~in~~ **may vary** significant **significantly from period to period** annualized cost savings. However, we may incur additional expenses not currently contemplated due to **fluctuations in** events associated with the RIFs or **our operating** otherwise. The annualized cost **costs** savings are estimates and subject to a number of assumptions, **revenues (including** and actual results may differ materially. We may not realize, in full or in part, the anticipated benefits and savings from **development** the RIFs due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings from the RIFs, our operating results and financial condition would be adversely affected. In addition, we may need to undertake additional workforce reductions or restructuring activities in the future. Furthermore, our initiatives to improve our cost structure, including the RIFs, may be disruptive to our operations. For example, our workforce reductions have resulted in and may continue to result in some attrition beyond planned staff reductions, and may lead to the loss of institutional knowledge and expertise, increased difficulties in our day- to- day operations, pressure on our controls and processes and reduced employee morale. We may need to seek contractor support due to unwanted attrition at unplanned additional expense or harm our productivity. In addition, we may be unsuccessful in distributing the duties and obligations of departed employees that are necessary to our operations among our remaining employees or to contractors -- **contracts**) , **product demand** which could result in disruptions to our operations. Our workforce reductions could also harm our ability to attract and **other factors** retain qualified personnel who are critical to our business, and make it difficult for us to pursue new opportunities and initiatives and require us to hire

qualified replacement personnel. Any failure to attract or retain qualified personnel could prevent us from successfully developing or selling our software platform, which would adversely affect our business, financial condition, and results of operations. We expect our period-to-period financial results to vary based on our operating costs and product demand, which we anticipate will fluctuate as the pace at which we continue to design, develop and release software products. Additionally, as we commercialize our AI / ML Software Platform Foundational Technology and related products and / or achieve revenue from enter into or complete government or development contracts, we expect our revenue from period to period to fluctuate, including as we introduce new products, features or functionality or introduce our AI / ML Software Platform Foundational Technology and related products to new markets for the first time, and as product development contract revenue fluctuates. As a result of these factors, we believe that quarter-to-quarter comparisons of our operating results, especially in the near term, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts, ratings agencies or investors, who may be particularly focused on quarterly financial results. If any of this occurs, the trading price of our securities could fall substantially, either suddenly or over time, and / or experience significant volatility. We are highly dependent on the services of our senior management and other key employees and, if we are unable to attract, integrate and retain a sufficient number of qualified employees, our ability to develop and launch commercialize our software AI / ML Foundational Technology and related product products, operate our business and compete could be harmed. Our success depends, in part, on our ability to retain our key personnel. The unexpected loss of or failure to retain one or more of our senior managers or other key employees could delay product development and require outsourcing to third parties, each of which in turn could adversely affect our business. For example, we are highly dependent on the services of our AI / ML Software Platform Foundational Technology leadership team, in particular our Chief Technology Officer, Dr. Denis Garagic. Dr. Garagic has a significant influence on our AI / ML Software Platform Foundational Technology development efforts and our business plan. Benjamin G. Wolff also rejoined our executive team as President and Chief Executive Officer in February 2024 following the pivot in our business to focus on the development of our AI / ML Foundational Technology. If he key members of our senior management were to discontinue service due to death, disability or any other reason, we may be significantly disadvantaged and his-their departure or the departure of other key contributors to our software and technology development efforts could result in delays in product development, or potentially an inability to successfully complete development of our AI / ML Software Platform Foundational Technology and related products at all, which would materially and adversely harm our business, results of operations and financial condition. Further, we may have difficulty finding, or be unable to find, qualified successors to any such persons should they depart the Company. If we are unable to successfully complete continue development and commercialization of our AI / ML Software Platform Foundational Technology and related products in a timely manner, whether due to the departure of any such persons or otherwise, we may not have sufficient time or resources to pursue alternative plans or opportunities and may need to cease operations. We do not maintain key-person insurance for any of our senior management. For these reasons, we may incur significant costs to retain our senior management team and key personnel. For example, in December 2024 we entered into an amended employment agreement with Mr. Wolff that extended the term of his employment through the end of 2027, pursuant to which Mr. Wolff is entitled to a cash-settled phantom stock payment with respect to 1.8 million shares of our Common Stock on his continued employment through October 31, 2027 or upon earlier change of control of the Company or upon earlier qualifying termination of his employment, which, depending on the value of our Common Stock at the time of settlement, could result in a substantial cash payment obligation. We may not have sufficient cash at such time to make such payment and may need to raise additional capital to meet such obligation, which may not be available to us on acceptable terms or at all. This phantom stock payment may be replaced in whole or in part in the event we grant Mr. Wolff restricted stock awards of up to 1.5 million shares subject to vesting on the same terms. See Exhibit 10.19 to this Annual Report for Mr. Wolff's amended and restated employment agreement. We have experienced and may continue to experience changes in our senior management team. For example, Benjamin G. in connection with Mr. Wolff's return to our executive team as President and Chief Executive Officer effective in February 23, 2024 replacing Laura J. Peterson, who has there have been our President & Chief Executive Officer since May 2023. In connection with this change changes to our operations and in management, we anticipate that there will may be additional changes to in the future Company's operations and also possibly to some of our key strategies and tactical initiatives over time. If we do not successfully implement and adapt to these changes they may not lead to the desired improvement in our business and results of operation. This in turn, could have a material adverse effect on our business. Any Our future performance will depend, in part, on the successful transition of our workforce to our new operating and organizational structure following our recent RIFs. Our inability to successfully manage these changes transitions, could be viewed negatively by our customers, employees, investors and other third-party partners, and could have an adverse impact on our business and results of operations. Our success also depends, in part, on our ability to identify, hire, attract, train and develop other highly qualified personnel as needed, specifically AI / ML software engineers. Because of the innovative and advanced nature of our technology, individuals with the necessary experience have not been, and likely will continue not to be, readily available to hire, and as a result, we may need to expend significant time and expense to recruit and retain experienced employees and appropriately train any newly hired employees. Integrating new employees can also cause disruptions to processes, projects, culture, priorities and the our Company company as a whole. We face intense competition for experienced and highly skilled employees, specifically AI / ML software engineers, from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do, and our ability to hire, attract and retain them depends on our ability to provide competitive compensation. We may not be able to attract, assimilate, develop or retain qualified personnel in the future, and our failure to do so could adversely affect our business, including the execution of our strategy. Our 2023 Further, in connection with our recent RIFs and

concerns about, we have re-organized our operations, which has resulted in some employees having different reporting relationships, team members or **our financial condition** responsibilities, which could result in delays or other operational difficulties as employees become accustomed to the new organizational structure. Our recent RIFs may also cause us to experience increased difficulty attracting and retaining highly qualified personnel. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, or may not fit culturally, and long-term employees may not embrace new leaders, priorities, methods, processes or other changes and may decide to leave or not perform as well as they did in the past, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. Our headquarters are in Salt Lake City, Utah, which has fewer highly skilled employees in the AI / ML software and robotics fields than some other major metropolitan areas. In addition, as part of the pivot in strategy announced ~~on in~~ November 14, 2023 to focus on our AI / ML **Software Platform Foundational Technology**, we ~~determined to close~~ **closed** our facility in Pittsburgh, Pennsylvania and may no longer be able to attract highly skilled employees in that location. To attract and retain key personnel, we may need to open offices in other areas of the country, which could increase costs and reduce productivity. Any failure by our management team and our employees to perform as expected may have a material adverse effect on our ability to design and launch our software ~~product~~ **products** or to operate our business and compete, as well as on our business, prospects, financial condition and operating results. We incur significant expenses and administrative burdens as a publicly-traded company, which could have a material adverse effect on our business, prospects, financial condition and operating results. As a publicly-traded company, we are incurring legal, accounting and other expenses that we previously did not have, and these expenses may increase as we continue to implement and strengthen controls, processes and systems and employ related personnel and after we are no longer an emerging growth company, as defined in Section 2 (a) of the Securities Act. We are subject to reporting and other requirements of the Exchange Act, the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules adopted by the SEC and **the Nasdaq Stock Market LLC**. Our management and other personnel devote a substantial amount of time to these compliance initiatives. We may need to hire additional employees to support our operations as a public company, which will increase our operating costs in future periods. Moreover, these rules and regulations have substantially increased our legal and financial compliance costs and make some activities more time-consuming and costly. These increased costs have increased our net loss. For example, it has been more ~~difficult and more~~ expensive for us to obtain **appropriate** director and officer liability insurance ~~and we have incurred substantially higher costs to obtain appropriate~~ coverage than we incurred as a private company. We cannot accurately predict or estimate the amount or timing of all the additional costs we may incur. Being a public company could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. Such increased expenses and administrative burdens involved in operating as a public company consume significant financial resources and any increases could have a material adverse effect on our business, financial condition and operating results. **If we fail to maintain and strengthen effective systems of disclosure controls and procedures and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be adversely affected.** We expect that the requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of Nasdaq will continue to result in significant legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on personnel, systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers in a timely manner. ~~We have been integrating our finance and accounting systems following our acquisition of RE2 to a common enterprise system, and a delay or other issues with the integration could impact our ability or prevent us from timely reporting our operating results, timely filing required reports with the SEC and complying with Section 404 of the Sarbanes-Oxley Act.~~ The development and implementation of the processes and controls necessary for us to achieve the level of accounting standards required of a public company have increased and may continue to increase our legal and compliance costs, and such costs may be greater than expected. We have previously identified material weaknesses in our internal control over financial reporting, and undertook remediation efforts to address the identified deficiencies and concluded that each material weakness was remediated ~~as of December 31, 2021 and June 30, 2022, respectively~~. Our current controls and any new controls that we develop may be inadequate because of changes in conditions of our business or otherwise. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could adversely affect our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal controls also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting to the extent we are required to include such evaluations and reports in our periodic reports that we file with the SEC under Section 404 of the Sarbanes-Oxley Act. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we expect to continue to expend significant resources, including accounting-related costs, and provide significant management oversight. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely

basis, could increase operating costs and could materially and adversely affect our ability to operate our business. If our internal controls are or are perceived to be inadequate or if we are or are perceived to be unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and the trading price of our securities could decline. In addition, if our financial statements are not filed on a timely basis, we could be subject to sanctions, enforcement actions or investigations by Nasdaq, the SEC or other regulatory authorities or to private litigation. As a result, any failure to maintain effective internal control over financial reporting could result in a material adverse effect on our business and the price of our Common Stock. Our independent registered public accounting firm is not **currently** required to formally attest to the effectiveness of our internal control over financial reporting ~~until after we are no longer an emerging growth company.~~ **under Section 404 (b) of the Sarbanes- Oxley Act** ~~At such time.~~ **Should we become subject to Section 404 (b)**, our independent registered public accounting firm may issue a report that is adverse ~~if in the event~~ it is not satisfied with the level at which our controls are documented, designed or operating. Any failure to maintain effective disclosure controls and procedures and internal control over financial reporting could have a material and adverse effect on our business, prospects, financial condition and operating results. Our ability to use net operating loss carryforwards and other tax attributes may be limited ~~in connection with ownership changes.~~ We have incurred losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. To the extent that we continue to generate tax losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. Under the Tax Cuts and Jobs Act of 2017 (the "**Tax Act**"), as modified by the Coronavirus Aid, Relief and Economic Security Act of 2020 (the **CARES Act**), U. S. federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80 % of taxable income. **Additional States may not conform to the Tax Act or different limitations may apply under state law** ~~the CARES Act in their entirety, if at all.~~ Suspensions or other restrictions on the use of net operating losses or tax credits, possibly with retroactive effect, may result in our existing net operating losses or tax credits expiring or otherwise being unavailable to offset future income tax liabilities. In addition, our net operating loss carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "**Code**"), these U. S. federal net operating loss carryforwards and other tax attributes may become subject to an annual limitation in the event of certain cumulative changes in the ownership of our company. An "**ownership change**" pursuant to Section 382 of the Code generally occurs if one or more stockholders or groups of stockholders who own at least 5 % of a company ~~'s~~ stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. Our ability to utilize net operating loss carryforwards and other tax attributes to offset future taxable income or tax liabilities may be limited as a result of ownership changes. Similar rules may apply under state tax laws. If we earn taxable income, such limitations could result in increased future income tax liability to us and our future cash flows could be adversely affected. We have recorded a full valuation allowance related to our net operating loss carryforwards and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets. We have been ~~or and~~ may in the future be subject to risks associated with strategic relationships or transactions and may not ~~be able to identify~~ **adequate strategic relationship opportunities,** or form **desired** strategic relationships ~~in the future.~~ We may seek ~~to enter into~~ strategic alliances, joint ventures, minority equity investments, acquisitions, collaborations and in- license arrangements **with third parties.** ~~There is~~ **Some of our third- party relationships are no not guarantee that any of governed by formal agreements and this may also be true for future relationships.** ~~These~~ **These** partnerships, **relationships** or acquisitions would **arrangements may not** lead to ~~any~~ binding agreements ~~or,~~ lasting or successful business relationships ~~with third parties or that any of the other anticipated benefits will be achieved.~~ If any of these relationships are established, they may subject us to a number of risks, including risks associated with sharing proprietary information, non- **performance or significant delays in** performance by the third- party and increased expenses in establishing new relationships, any of which could materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic partners suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third- party. We expect that strategic business relationships will be an important factor in the growth and success of our business. However, we may not be able to identify or secure suitable business relationship opportunities in the future or our competitors may capitalize on such opportunities before we do. Moreover, identifying such opportunities could require substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties. If we are unable to successfully source and execute on strategic relationship opportunities in the future, our overall growth could be impaired, and our business, prospects, financial condition and operating results could be materially adversely affected. When appropriate opportunities arise, we have in the past, and may in the future acquire additional assets, products, technologies or businesses that are complementary to our existing business. From time to time, the sellers of these assets, products and technologies or businesses may retain certain rights to the technology that they sell to us, which in some circumstances could allow the sellers to compete with us. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for acquisitions and to comply with any applicable laws and regulations, which could result in delays and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations and financial results. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. For example, we have previously experienced an impairment of all of the

goodwill associated with our acquisition of RE2. Moreover, the costs of identifying and consummating acquisitions may be significant. Risks Related to **Legal Claims, Legal** and Regulatory Compliance AI / ML technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. The introduction of AI / ML technologies into new or existing products may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, **technical or operational risks, safety risks,** ethical concerns or other complications that could adversely affect our business, reputation or financial results or limit the functionality of our software ~~platform~~ or our ability to sell our software ~~platform~~ **products**. Governmental bodies have implemented laws and are considering further regulation of AI / ML technologies that could negatively impact our ability to use and develop **software platforms and products** incorporating these technologies. For example, on **March 13, 2024, the European Parliament adopted the European Union's Artificial Intelligence Act (the "AI Act")**. The AI Act, which is scheduled to become effective over time through August 2, 2026, proposes a framework of prohibitions and disclosure, transparency and other regulatory obligations based on various levels of risk for businesses introducing AI systems in the EU. Once the AI Act becomes effective, certain provisions could require us to alter or restrict our use of AI, depending on respective levels of risk-categorization, types of systems, and manner of use, under the AI Act. The AI Act also may require us to comply with **monitoring and reporting requirements**. Noncompliance with the AI Act could result in fines of up to € 35 million or 7 % of annual global turnover for the previous year, whichever is higher. In addition, in October 30, 2023 the Biden administration issued an ~~Executive~~ **executive Order** to, among other things, establish extensive new standards for AI safety and security **which**. Additionally, the European Union has proposed certain legislation, such as ~~was later revoked by President Trump in January 2025~~ the EU AI Act, that, when adopted, could impose onerous obligations related to the use of AI / ML related systems. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. **If Numerous other laws and bills have been enacted, such as in California and Colorado, or proposed at the U. S. federal and state level, as well as internationally, aimed at regulating the deployment or provision of AI systems and services. Our efforts to comply with the AI Act and other legislation, or similar regulations in other jurisdictions, is whether now in effect or as may be proposed or enacted in the future, compliance with such obligations relating to AI / ML technologies** may be difficult, onerous and costly, and could adversely affect our business, reputation, financial condition, results of operations, and growth prospects. **We may need to devote substantial time and resources to evaluate our obligations under the AI Act and other legislation and regulations and to develop and execute a plan designed to ensure compliance**. Further, the intellectual property ownership and license rights, including copyright, surrounding AI / ML technologies ~~has have~~ not been fully addressed by U. S. courts or other federal or state laws or regulations, and the use or adoption by our customers of third- party AI / ML technologies into robotic products and services may result in exposure to claims of copyright infringement or other intellectual property misappropriation or infringement. Uncertainty around new and emerging AI / ML technologies, may require additional investment in the development and maintenance of proprietary datasets and ML models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections and safeguards for handling the use of data with AI technologies, which may be costly and could impact our expenses as we utilize AI / ML technologies within our products. The use of AI / ML technologies presents emerging ethical and social issues, and if we enable or offer solutions that draw scrutiny or controversy due to their perceived or actual impact on customers or on society as a whole, we may experience brand or reputational harm, competitive harm and / or legal liability. These challenges may make it harder for us to conduct our business using AI, and may lead to regulatory fines or penalties, require us to change our product offerings or business practices, or prevent or limit our use of AI. If we cannot use AI, or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage. Any of these factors could adversely affect our business, financial condition, and results of operations. Changes in tax laws could have a material adverse effect on our business, cash flows, results of operations or financial condition. We are subject to the tax laws, regulations, and policies of several taxing jurisdictions. Changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates or otherwise adversely affect our tax positions and / or our tax liabilities. For example, ~~many countries and local jurisdictions and organizations such as the Organization for Economic Cooperation and Development have proposed or implemented new tax laws or changes to existing tax laws. The Tax Act has eliminated the option to deduct research and development expenditures currently and instead requires taxpayers to capitalize and amortize them over five or fifteen years beginning in 2022. However, recently proposed tax legislation, if enacted, would restore the ability to deduct domestic research and development expenditures in the current period through 2025 and would retroactively restore this benefit for 2022 and 2023. The Inflation Reduction Act of 2022 has imposed a 1 % excise tax on certain repurchases of stock and the Organisation for Economic Co- operation and Development has introduced a global minimum tax initiative, which is in various stages of adoption~~. Any new tax laws or changes to existing tax laws could adversely affect our effective tax rate, operating results, tax credits or incentives or tax payments, or require our potential customers to pay additional taxes, which could have a material adverse effect on our business, cash flows, results of operations or financial condition. We may become subject to new or changing governmental regulations relating to the development, marketing, licensing, distribution or use of our AI / ML ~~Software Platform~~ **Foundational Technology and related products** or to the providing of customer service, and a failure to comply with such regulations could lead to **delays in launching our software products and / or** withdrawal of our software ~~platform~~ **products** from the market, delay our projected ~~revenue~~ **revenues**, increase costs and / or make our business unviable if we are unable to modify our software ~~platform~~ to comply. **As we develop and commercialize** We may become subject to new or **our** changing international, national, state and local regulations, including laws relating to the development, marketing, licensing, distribution or use of AI / ML software **Foundational Technology and related products, or we may become subject to the providing a variety of customer service existing or new laws and regulations in the United States and international jurisdictions**, such as **the AI Act, including in**

the areas of privacy, security, safety, competition, consumer protection development, marketing, licensing, distribution and the development and use of AI and ML. Such laws and regulations may also cover employment, taxation, privacy, data security, data protection, pricing, content, copyrights and other intellectual property, mobile communications, electronic contracts and other communications, the design and operation of websites, and the characteristics and quality of software and services, which may delay or impede the development and commercialization of our AI / ML Foundational Technology Software Platform. Such laws and related products regulations may also cover employment, taxation, privacy, data security, data protection, pricing, content, copyrights and other intellectual property, mobile communications, electronic contracts and other communications, consumer protection, unencumbered internet access to our services, the design and operation of websites, and the characteristics and quality of software and services, and may require us to pause sales and modify our software products, which would could likely result in a material adverse effect on our revenue and financial condition, especially if implemented on a large scale or in a key market. Such laws and regulations can also give rise to liability, such as fines and penalties or for property damage, bodily injury and cleanup costs. Capital and operating expenses needed to comply with laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations. Any failure to comply with such laws or regulations could lead to withdrawal of our software products from the market. We may be subject to claims, lawsuits, arbitration proceedings, government investigations and other legal, regulatory and administrative proceedings and face potential liability and expenses related thereto, which could have a material adverse effect on our business, operating results and financial condition. We may be subject to claims, lawsuits, arbitration proceedings, government investigations and other legal, regulatory and administrative proceedings. In addition, we may be subject to the heightened scrutiny that is sometimes directed toward companies taken public via a business combination with a special purpose acquisition company. The outcome of any such claims, investigations or proceedings cannot be predicted with any degree of certainty. In the ordinary course of business, we have been and may in the future be the subject of various legal claims. Any such claims, investigations or proceedings against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources, and the resolution of any such claims, investigations or proceedings could result in substantial damages, settlement costs, fines or penalties that could adversely affect our business, financial condition or operating results or result in harm to our reputation and brand, sanctions, consent decrees, injunctions or other remedies requiring a change in our business practices. Further, under certain circumstances we have or may take on contractual or other legal obligations to indemnify and to incur legal expenses on behalf of investors, directors, officers, employees, customers, vendors or other third- parties. For example, our Amended and Restated Bylaws (the "Bylaws") provide that we will indemnify our directors and officers, and may indemnify our employees, agents and other persons, to the fullest extent permitted by the Delaware General Corporation Law. We have also entered into indemnification agreements with directors and officers that require us, among other things, to indemnify them against claims that may arise due to their service in those capacities. These indemnification agreements also require us to advance expenses reasonably and actually incurred by them in investigating or defending any such claims, and it may be difficult or impossible to recover any advanced expenses if it turns out the person was not entitled to indemnification. If we are required or agree to defend or indemnify, or advance expenses to, any of our investors, directors, officers, employees, customers, vendors or other third- parties, we could incur material costs and expenses that could adversely affect our business, results of operations or financial condition. We are subject to evolving laws, regulations, standards, policies and contractual obligations related to data privacy and security, and our actual or perceived failure to comply with such obligations could harm our reputation, subject us to significant fines and liability or otherwise adversely affect our business, prospects, financial condition and operating results. We are subject to or affected by a number of national, state and local laws and regulations, as well as contractual obligations and industry standards, that impose certain obligations and restrictions with respect to data privacy and security, and govern our collection, storage, retention, protection, use, processing, transmission, sharing and disclosure of personal information, including that of our employees, customers and others. Many jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities and others of security breaches involving certain types of data. Such laws may be inconsistent or may change or additional laws may be adopted. In addition, our agreements with certain customers may require us to notify them in the event of a security breach or incident. Such mandatory disclosures are costly and could lead to negative publicity, penalties, fines, litigation and other proceedings or cause our customers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and / or alleviate problems caused by the actual or perceived security breach or incident. **As a government contractor or subcontractor, we are subject to the Department of Defense's ("DoD") cybersecurity requirements, including compliance with the newly formalized Cybersecurity Maturity Model Certification ("CMMC") Program's requirements. Depending on certain factors, including the awarding DoD agency and type of contract, we may be required to obtain and affirm specific third- party cybersecurity certifications to be deemed eligible for award. Failure to comply with these requirements could restrict our ability to compete for, be awarded and / or perform on DoD contracts. The DoD expects that all new contracts will be required to comply with the CMMC program by 2026, and initial requests for information and for proposal have already begun. To the extent we, or our subcontractors or other third parties on whom we rely, are unable to achieve certification in advance of contract awards that specify the requirement, we may be deemed ineligible for awards or follow- on awards for existing work with the DoD, which could materially and adversely affect our results of operations, financial condition, business and prospects. We will also be required to go through a recertification process periodically, which may increase our costs of compliance relating to such certification, may increase risk exposure based on frequency of recertification affirmations and may cause operational delays. In addition, obligations that may be imposed on us under the CMMC program may be different from or in addition to those otherwise required by applicable laws and regulations, which may cause**

additional expense for compliance. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. We may not be able to monitor and react to all developments in a timely manner. For example, California adopted the California Consumer Privacy Act (“**CCPA**”), which became effective in January 2020. The CCPA **establishes** a privacy framework for covered businesses, including an expansive definition of personal information and data privacy rights for California residents. The CCPA includes a framework with potentially severe statutory damages and private rights of action. The CCPA was modified and **supplement** **supplemented** by the California Privacy Rights Act (“**CPRA**”), which went into effect on January 1, 2023. Numerous other states have proposed, and in many cases have enacted, laws addressing data privacy and security **cybersecurity**. **These laws in many cases are comprehensive privacy statutes similar to the CCPA** For example, Virginia, Colorado, Connecticut, Delaware, Utah, Iowa, Indiana, Texas, Montana, Oregon, Florida, New Jersey, and Tennessee **CPRA. Additionally, some states have proposed, and in certain cases enacted, laws addressing specific matters such as biometrics similar to the CCPA and CPRA that have taken or health- related personal information will take effect between 2023 and 2026.** The U. S. federal government also is contemplating federal privacy legislation. As we expand our operations, the CCPA, CPRA, and other laws and regulations relating to privacy and data security may increase our compliance costs and potential liability. Compliance with any applicable privacy and data security laws and regulations is a rigorous and time- intensive process, and we may be required to put in place additional mechanisms to comply with such laws and regulations. Additionally, as our international presence expands, we may become subject to or face increasing obligations under laws and regulations in countries outside the United States, many of which, such as the European Union’s General Data Protection Regulation (“**GDPR**”) and national laws supplementing the GDPR, as well as legislation substantially implementing the GDPR in the United Kingdom, which generally are more stringent than those currently enforced in the United States. The GDPR requires companies to meet stringent requirements regarding the handling of personal data of individuals located in the European Economic Area. The GDPR also includes significant penalties for noncompliance, which may result in monetary penalties of up to the higher of € 20 million or 4 % of a group’s worldwide turnover for the preceding financial year for the most serious violations. The United Kingdom’s version of the GDPR, which it maintains along with its **Data Protection Act**, also provides for substantial penalties that, for the most serious violations, can go up to the greater of £ 17. 5 million or 4 % of a group’s worldwide turnover for the preceding financial year. Many other jurisdictions globally are considering or have enacted legislation providing for local storage of data or otherwise imposing privacy, data protection and data security obligations in connection with the collection, use and other processing of personal data. As a general matter, compliance with laws, regulations, contractual obligations, industry standards, and any rules or guidance from self- regulatory organizations relating to privacy, data protection, and data security that apply, or are asserted to apply, to our operations may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to acquire customers, and otherwise adversely affect our business, prospects, results of operations, and financial condition. We publish privacy policies and other documentation regarding our collection, processing, use and disclosure of personal information and / or other confidential information. Although we endeavor to comply with our published policies and other documentation, we may at times fail to do so or may be perceived to have failed to comply with such policies and other actual or asserted legal or contractual obligations relating to privacy, data protection or data security. Moreover, despite our efforts, we may not be successful in achieving **or maintaining** compliance, including if our employees, contractors, service providers or vendors fail to comply with our published policies and documentation. Such failures can subject us to potential action by governmental or regulatory authorities if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Any actual or perceived inability to adequately address privacy and security concerns or comply with applicable laws, rules and regulations relating to privacy, data protection or data security, or applicable privacy notices, could lead to investigations, claims and proceedings by governmental entities and private parties, damages for contract breach and other significant costs, penalties or liabilities. Any such claims or other proceedings could be expensive and time- consuming to defend and could result in adverse publicity. Any of the foregoing may have an adverse effect on our business, prospects, results of operations, and financial condition. We are subject to cybersecurity risks to our operational systems, security systems, infrastructure and data processed by us or third- party vendors. Our business and operations may involve the collection, storage, processing and transmission of personal data and certain other sensitive and proprietary data of collaborators, customers and others. Additionally, we maintain sensitive and proprietary information relating to our business, such as our own proprietary information and personal data relating to our employees. An increasing number of organizations have disclosed breaches of their information security systems and other information security incidents, some of which have involved sophisticated and highly targeted attacks. We have been and may in the future be a target for cybersecurity attacks designed to disrupt our operations or to attempt to gain access to our systems, data processed or maintained in our business, trade secrets or other proprietary information or financial resources. Some of our employees work remotely which has increased security risks. In addition, the risk of state- supported and geopolitical- related cybersecurity attacks is believed to be heightened in connection with international conflicts and any related political or economic responses and counter- responses. We are at risk for interruptions, outages and breaches of (**a-1**) operational systems, including business, financial, accounting, product development, data processing or production processes, owned by us or our third- party vendors or suppliers; (**b-2**) facility security systems, owned by us or our third- party vendors or suppliers; (**e-3**) in- product technology, owned by us or our third- party vendors; (**d-4**) our software, including third- party software we license; and (**e-5**) customer data that we process or our third- party vendors process on our behalf. Because techniques used to obtain unauthorized access to or sabotage information systems change frequently and may not be known until launched against a target, we may be unable to anticipate or prevent these attacks, react in a timely manner or implement adequate preventive measures, and we may face delays in our detection or remediation of, or other responses to, security breaches and other privacy- and security- related incidents. Such incidents could: materially disrupt

our operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software in our systems. Certain efforts may be state-sponsored or supported by significant financial and technological resources, making them even more difficult to detect, remediate and otherwise respond to. We plan to include product services and functionality that utilize data connectivity to monitor performance and timely capture opportunities to enhance performance and for safety and cost-saving preventative maintenance. The availability and effectiveness of our services depend on the continued operation of information technology and communications systems. Our systems will be vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, denial or degradation of service attacks, ransomware and other malicious code, social engineering schemes, insider theft or misuse or other attempts to harm our systems. We may face objections to our intended collection or use of data, which may require us to implement new or modified data handling policies and mechanisms, increase our maintenance costs and costs associated with data processing and handling, and harm our business prospects. The use of AI / ML technologies may result in security incidents and our use of AI / ML technologies may create additional cybersecurity risks or increase cybersecurity risks, including risks of security breaches and incidents. Further, AI / ML technologies may be used in connection with certain cybersecurity attacks, including to launch more automated, targeted and coordinated attacks, resulting in heightened risks of security breaches and incidents. Although we have implemented and are in the process of implementing additional systems and processes that are designed to protect our data and systems within our control, prevent data loss and prevent other security breaches and security incidents, these security measures cannot guarantee security. The **Information Technology ("IT and ")** infrastructure used in our business may be vulnerable to **cyber-cybersecurity** attacks or security breaches or incidents, and third parties may be able to access data, including personal data and other sensitive and proprietary data of ours and our customers, collaborators and partners, our employees' personal data or other sensitive and proprietary data accessible through those systems, or such data otherwise may be subject to unauthorized use, disclosure, unavailability, modification or other processing. Employee error, malfeasance or other errors in the storage, use or transmission of any of these types of data could result in an actual or perceived privacy or security breach or other security incident. Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems, such as the disruption of our data management, procurement, **production**---**product execution-development**, finance and sales and service processes. These risks may affect our ability to manage our data or deploy and service our products and solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that these systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. Any actual or perceived security breach or security incident, or any systems outages or other disruption to systems used in our business, could interrupt our operations, result in loss or improper access to, or acquisition, unavailability, modification, disclosure or other processing of, data or a loss of intellectual property protection, harm our reputation and competitive position, reduce demand for our software products, damage our relationships with customers, partners, collaborators or others or result in claims, regulatory investigations and proceedings and significant legal, regulatory and financial exposure, and any such incidents or any perception that our security measures are inadequate could lead to loss of confidence in us and harm to our reputation, any of which could adversely affect our business, financial condition and results of operations. Any actual or perceived breach of privacy or security, or other security incident, impacting any entities with which we share or disclose data (including, for example, our third-party technology providers) could have similar effects. We expect to incur significant costs in an effort to detect and prevent privacy and security breaches and other privacy- and security- related incidents, and may face increased costs and requirements to expend substantial resources in the event of an actual or perceived privacy or security breach or other incident. ~~We are subject to laws, regulations and contractual provisions as a government contractor or subcontractor, which may pose increased risk of potential liability and expenses related thereto, which could have a material adverse effect on our business, operating results and financial condition.~~ As a government contractor or subcontractor, we must comply with laws, regulations and contractual provisions relating to the formation, administration and performance of government contracts and inclusion on government contract vehicles, which affect how we and our partners do business with government agencies. U. S. governmental agencies, such as the Defense Contract Audit Agency and the Defense Contract Management Agency, routinely audit and investigate government contractors. In addition, as a result of actual or perceived noncompliance with government contracting laws, regulations or contractual provisions, we may be subject to non-ordinary course audits and internal investigations which may prove costly to our business financially, divert management time or limit our ability to continue selling our software products to our government customers. These laws and regulations may impose other added costs on our business, and failure to comply with these or other applicable regulations and requirements, including non-compliance in the past, could lead to claims for damages, downward contract price adjustments or refund obligations, civil or criminal penalties, termination of contracts and suspension or debarment from government contracting for a period of time with government agencies. Any such damages, penalties, disruption or limitation in our ability to do business with a government would adversely impact, and could have a material adverse effect on, our business, prospects, financial condition and operating results. We are subject to U. S. and foreign anti-corruption and anti-money laundering laws and regulations. We can face criminal liability and other serious consequences for violations of these laws, which can harm our business, prospects, financial

condition and operating results. We are subject to the U. S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA "), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, and other anti- corruption, anti- bribery and anti- money laundering laws, including those of other countries in which we conduct activities. Anti- corruption laws are interpreted broadly and prohibit companies and their employees, business partners, third- party intermediaries, representatives and agents from authorizing, promising, offering or providing, directly or indirectly, improper payments or anything else of value to government officials, political candidates, political parties or commercial partners for the purpose of obtaining or retaining business or securing an improper business advantage. We have direct and indirect interactions with foreign officials, including in furtherance of sales to governmental entities in non- U. S. countries. We sometimes leverage third parties to conduct our business abroad, and our third- party business partners, intermediaries, representatives and agents may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of our employees or these third- parties, even if we do not explicitly authorize or have actual knowledge of such activities. The FCPA and other applicable laws and regulations also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, our employees, business partners, third- party intermediaries, representatives and agents may take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions. Any allegations or violations of the laws and regulations described above may result in whistleblower complaints, adverse media coverage, investigations, substantial civil and criminal fines and penalties, damages, settlements, prosecution, enforcement actions, imprisonment, the loss of export or import privileges, suspension or debarment from government contracts, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences, any of which could adversely affect our business, prospects, financial condition and operating results. In addition, responding to any investigation or action will likely result in a significant diversion of management 's attention and resources and significant defense costs and other professional fees. We are subject to governmental export and import controls and laws that could subject us to liability if we are not in compliance with such laws. Our AI / ML Software Platform **Foundational Technology** and **related products, technology and services** are subject to compliance with applicable export control, import and economic sanctions laws and regulations, including the U. S. Export Administration Regulations, U. S. International Traffic in Arms Regulations, U. S. Customs regulations and various economic and trade sanctions regulations administered by the U. S. Treasury Department 's Office of Foreign Assets Control. Exports of our software **products** and technology must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; debarment from U. S. government contracting; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. Moreover, international sales of our software may be subject to first obtaining licenses, clearances or authorizations from various regulatory entities. If we are not allowed to export our software or the clearance process is burdensome and costly, our ability to generate revenue would be adversely affected. In addition, changes to our software, or changes in applicable export control, import or economic sanctions laws and regulations may create delays in the introduction and sale of our software **platform products**, constrain collaboration with suppliers or other business partners or, in some cases, prevent the export or import of our software to certain countries, governments or persons altogether. Compliance with such laws and regulations may also be costly and require time and attention from our management. Any change in export, import or economic sanctions laws and regulations, shift in the enforcement or scope of existing laws and regulations or change in the countries, governments, persons or technologies targeted by such laws and regulations could also result in decreased use of our software **platform systems**, as well as our decreased ability to export or market our software to potential customers. Any decreased use of our software **platform products** or limitation on our ability to export or market our software would likely adversely affect our business, prospects, financial condition and operating results. Increased scrutiny and changing expectations from regulators, investors, customers, employees, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer acquisition and retention, access to capital and employee retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance , or (" ESG , ") practices and reporting. Regulators, investors, customers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. **Equally, it is possible that some stakeholders may be opposed to the implementation of such initiatives at all. Anti- ESG sentiment has gained some momentum across the United States, with several states having enacted or proposed " anti- ESG " policies, legislation or issued related legal opinions.** If our ESG practices and reporting do not meet investor, customer , or employee expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted. We could also incur additional costs and need to devote additional resources to monitor, report and implement various ESG practices, including as a result of regulatory developments. Risks Related to Our Intellectual Property Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to our software and other technologies. Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to our software and other technologies. We seek to protect our intellectual property through a combination of patents, trademarks and other intellectual property rights, as well as confidentiality and / or intellectual property assignment agreements with our employees and certain of our contractors, consultants, scientific advisors and other vendors and third- parties. In addition, we rely on copyright and trade secret law to protect our proprietary software and **technologies product candidates / products in development**. Patent positions covering robotics software and solutions can be highly uncertain and involve many new and evolving complex legal, factual and

technical issues. Patent laws and interpretations of those laws are subject to change and any such changes may diminish the value of our patents or narrow the scope of our right to exclude others. In addition, we may fail to apply for or be unable to obtain patents necessary to protect our technology or software **platform products** from competition or fail to enforce our patents due to lack of information about the exact use of technology or processes by third parties or for a variety of other reasons. Also, we cannot be sure that any patents will be granted in a timely manner or at all with respect to any of our pending patent applications or that any patents that are granted will be adequate to exclude others for any significant period of time or at all. Given the foregoing, and in order to continue reducing operational expenses **in the future**, we **are plan to invest investing** fewer resources in filing and prosecuting new patents and on maintaining and enforcing various patents, especially in regions where we currently do not focus our market growth strategy or with respect to patents with less **relevant relevance** to our current business. Litigation to establish or challenge the validity of patents **or to defend against or assert against others** **infringement**, unauthorized use, enforceability or invalidity, can be lengthy and expensive and may result in our patents being invalidated or interpreted narrowly and may restrict our ability to be granted new patents related to our pending patent applications. Even if we prevail, litigation may be time consuming, force us to incur significant costs and divert management **attention** from managing our business while any damages or other remedies awarded to us may not be valuable or adequate. In addition, U. S. patents and patent applications may be subject to interference or derivation proceedings, and U. S. patents may be subject to re-examination and inter partes or post grant review proceedings in the U. S. Patent and Trademark Office. Furthermore, our issued patents may be subject to claims of invalidity based on earlier filed patents or published applications not discovered in any patent searches or by the patent offices that carried out examination of the issued patents. Foreign patents may also be subject to opposition or comparable proceedings in corresponding foreign patent offices. Any of these proceedings may be expensive and could result in the loss of a patent or denial of a patent application **or the loss or reduction in the scope of one or more of the claims of a patent or patent application**. In addition, we seek to protect our trade secrets, know-how, and confidential information that is not patentable or for which we decide not to seek a patent by entering into confidentiality and intellectual property assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Enforcing a claim that a third party illegally obtained or is using our trade secrets without authorization may be expensive and time consuming, and the outcome is unpredictable. Some of our employees or consultants or service providers may own certain technology which they license to us for a set term. If these technologies are material to our business after the term of the license **our inability and we are unable** to use them **it** could adversely affect our business and profitability. We have taken and continue to take precautions to initiate safeguards to protect our information technology systems. However, these measures may not be adequate to safeguard our proprietary information, which could lead to the loss or impairment thereof or to expensive litigation to defend our rights against competitors who may be better funded and have superior resources. In addition, unauthorized parties may attempt to copy or reverse engineer certain aspects of our software or other technologies that we consider proprietary or our proprietary information may otherwise become known or may be independently developed by our competitors or other third parties. If other parties are able to use our proprietary technology or information, our ability to compete **in the market** could be harmed. Further, unauthorized use of our intellectual property may have occurred **or may occur in the future**, without our knowledge. We also have made efforts to register and enforce our trademark rights. However, trademark law and the associated infringement analysis is complex, and, notwithstanding our efforts to develop and enforce our trademark portfolio, both outgoing and incoming claims of trademark infringement could lead to limitations, loss or impairment of those trademark rights or to expensive litigation to prosecute or defend our trademark rights against third-party infringers who may be better funded and have superior resources. If we are unable to obtain or maintain adequate protection for our intellectual property **or if any protection is reduced or eliminated**, competitors may be able to use our technologies, resulting in harm to our competitive position and our business. We may not be able to effectively protect our intellectual property rights in our target markets or at all. Filing, prosecuting, maintaining and defending patents and trademarks and seeking to enforce copyrights on our intellectual property in all target markets would be prohibitively expensive and time consuming, and thus our intellectual property rights outside the United States are limited. In addition, the laws of some of our target markets, especially developing countries, such as China, do not protect intellectual property rights to the same extent as federal and state laws in the United States. Also, it may not be possible to effectively enforce intellectual property rights in some countries at all or to the same extent as in the United States and other countries. Consequently, we are unable to prevent third parties from using our inventions in all of our target markets, or from selling or importing products made using our inventions, technologies or software in the jurisdictions in which we do not have (or are unable to effectively enforce) patent or other intellectual property protection. Competitors may use our technologies in jurisdictions where they have not obtained patent protection to develop, market or otherwise commercialize their own products, and we may be unable to prevent those competitors from importing those infringing products into territories where we have patent protection, but enforcement may not be as strong as in the United States. These products may compete with our software products and our patents and other intellectual property rights may not be effective or sufficient to prevent them from competing in those jurisdictions. Moreover, strategic partners, competitors or others may raise legal challenges against our intellectual property rights or may infringe upon our intellectual property rights, including through means that may be difficult to detect or prevent. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. Proceedings to enforce our patent rights in the United States or foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties

to assert patent infringement or other claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights in the United States and around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license from third parties. We may be subject to intellectual property infringement claims or misappropriation claims, which may be time consuming and expensive and, if adversely determined, could limit our ability to commercialize our software products. Companies operating in the robotics software industry may face difficulty enforcing their patent and other intellectual property rights and may become subject to a substantial amount of litigation over these rights. In particular, our competitors in both the United States and abroad, many of which have substantially greater resources than we have and have made substantial investments in competing technologies, have been issued patents and filed patent applications with respect to their products and processes and may apply for other patents in the future. The large number of patents, the rapid rate of new patent issuances and the complexities of the technology involved increase the risk of patent litigation. Determining whether a product infringes a patent involves complex legal and factual issues and the outcome of patent litigation is often uncertain. No assurance can be given that patents containing claims covering our software products, technology or methods do not exist, have not been filed or could not be filed or issued. In addition, because patent applications can take years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware and which may result in issued patents that our current or future products infringe. Also, because the claims of published patent applications can change between publication and patent grant, published applications that initially do not appear to be problematic may issue with claims that potentially cover our software, technology or methods. Moreover, there may be pending, published or allowed applications that may disclose, but not claim, subject matter covering our software, technology or methods, where such pending or published applications may be amended, or one or more continuation or divisional applications may be filed, in an attempt to capture, to the extent possible, such software, technology or methods that are in the public domain, and which may result in issued patents that our current or future products infringe. Infringement actions and other intellectual property claims brought against us, whether with or without merit, may cause us to incur substantial costs and could place a significant strain on our financial resources, divert the attention of management, and harm our reputation. We cannot be certain that we will successfully defend against any allegations of infringement. If we are found to infringe another party's patents, we could be required to pay damages. We could also be prevented from selling our infringing software products, unless we can obtain a license to use the technology covered by such patents or can redesign our software products so that they do not infringe. A license may not be available on commercially reasonable terms or at all, and we may not be able to redesign our software products to avoid infringement. In these circumstances, we may not be able to sell our software products at competitive prices or at all, and our business, prospects, financial condition and operating results would be harmed. Intellectual property discovered through government funded programs may be subject to federal regulations such as "march-in" rights, certain reporting requirements and a preference for U. S.- based companies. Compliance with such regulations may limit our exclusive rights and limit our ability to contract with non- U. S. manufacturers. We may develop, acquire or license intellectual property rights that have been generated through the use of U. S. government funding or grants. Pursuant to the Bayh- Dole Act of 1980, the U. S. government has certain rights in inventions developed with government funding. These U. S. government rights may include a non- exclusive, non- transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U. S. government may have the right, under certain limited circumstances, to require us to grant exclusive, partially exclusive, or non- exclusive licenses to any of these inventions to a third party if the U. S. government determines that: (1) adequate steps have not been taken to commercialize the invention; (2) government action is necessary to meet public health or safety needs; or (3) government action is necessary to meet requirements for public use under federal regulations (also referred to as "march-in rights"). Such "march-in" rights would apply to new subject matter arising from the use of such government funding or grants and would not extend to pre- existing subject matter or subject matter arising from funds unrelated to the government funding or grants. If the U. S. government exercised its march- in rights in our intellectual property rights generated through the use of U. S. government funding or grants, we could be forced to license or sublicense intellectual property we developed or that we license on terms unfavorable to us, and there can be no assurance that we would receive compensation from the U. S. government for the exercise of such rights. The U. S. government may also have the right to take title to these inventions if the grant recipient fails to disclose the invention to the government or fails to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the U. S. government requires that any products embodying any of these inventions or produced through the use of any of these inventions be manufactured substantially in the United States. This preference for U. S. industry may be waived by the federal agency that provided the funding if the owner or assignee of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for U. S. industry may limit our ability to contract with non- U. S. product manufacturers for products covered by such intellectual property. We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees' former employers. We may be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of an employee's former employers. Litigation may be necessary to defend against these claims. If we fail to defend against such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or be forced to seek a license, which may not be available on commercially acceptable terms or at all. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our software products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial

costs and demand on management resources. Risks Related to Ownership of our Securities The **issuance or sale of shares of our Common Stock, or rights to acquire shares of our Common Stock could depress the trading price of our Common Stock and may cause dilution to our existing stockholders. We may from time to time conduct offerings of our Common Stock or other securities that are convertible into or exercisable for our Common Stock to finance our operations or fund acquisitions, or for other purposes. For further information on our financing activities in the year ended December 31, 2024, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." If we issue additional shares of our Common Stock or rights to acquire shares of our Common Stock, if any of our existing stockholders sells a substantial amount of our Common Stock, or if the market perceives that such issuances or sales may occur, then the trading price of our Common Stock may significantly decrease. In addition, our issuance of additional shares of Common Stock, including upon exercise of our outstanding warrants, will dilute the ownership interests of our existing stockholders. The** price of our Common Stock could decline due to the large number of shares of our Common Stock being subject to employee equity awards. We have granted and expect to continue to grant equity awards to our directors and employees as additional compensation in an effort to align their interests with those of our stockholders. Because **these** awards ~~granted to certain executive officers and directors~~ may be scheduled to vest during specified points in time, such as expected open trading windows under our insider trading policy, there is a potential that sales of large amounts of our Common Stock may take place during concentrated periods, leading to a decline in the price of our Common Stock. **"Sell-to-cover"** transactions can be used in connection with the vesting and settlement of equity awards that are granted to our employees so that shares of our Common Stock are sold on behalf of our employees in an amount sufficient to cover the tax withholding obligations and, if applicable, exercise price associated with these awards. As a result of these transactions, a significant number of shares of our Common Stock may be sold over a limited time period in connection with significant vesting events. We may also settle tax withholding obligations in connection with vesting of awards through **"net settlement,"** in which we remit cash to satisfy the tax withholding obligation and withhold a number of the vested shares on each vesting date. Depending on the fair value of our Common Stock and the number of awards vesting on any applicable vesting date, such net settlement could require us to expend substantial funds to satisfy tax withholding. The markets for our **publicly traded securities Common Stock and Warrants** have been volatile and may not continue at all. Since **September 24, 2021, when Rotor consummated the previously announced business combination (the "Business Combination")** and the commencement of the trading of our Common Stock and **deSPAC Public Warrants (as defined below)** on the Nasdaq Global Market, the prices of our **publicly traded securities Common Stock and Warrants** have been volatile and may continue to fluctuate significantly due to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline. Factors affecting the trading price of our securities may include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; • changes in the market's expectations about our operating results; • the public's reaction to our press releases, our other public announcements and our filings with the SEC; • changes in strategy or financial condition; • speculation in the press or investment community; • success of competitors; • our operating results failing to meet the expectation of securities analysts or investors in a particular period; • changes in operating performance and stock market valuations of robotics software or other technology companies, or those in our industry in particular; • changes in financial estimates and recommendations by securities analysts concerning our company or the market in general; • operating and stock price performance of other companies that investors deem comparable to us; • our ability to market, sell and deliver our **AI/ML Software software products Platform on a timely basis**; • changes in laws and regulations affecting our business; • commencement of, or involvement in, litigation; • changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; • the volume of shares of **our the Common Stock and Public Warrants available for public sale publicly sale traded securities**, including as a result of the exercise of any of our **deSPAC Public Warrants** or the exercise or vesting of employee equity awards; • any major change in our board of directors or management; • sales of substantial amounts of Common Stock by our directors, officers or significant stockholders or the perception that such sales could occur; • the realization of any of the risk factors discussed herein; • additions or departures of key personnel; • failure to comply with Nasdaq listing requirements (see **"Our Common Stock may be delisted publicly traded securities are subject to potential delisting** from The Nasdaq Global Market if we ~~cannot satisfy~~ **do not meet** Nasdaq's continued listing requirements **"), which would likely impair the liquidity of the trading market for our Common Stock and warrants"**); • failure to comply with the Sarbanes-Oxley Act of 2002 or other laws or regulations; • actual, potential or perceived control, accounting or reporting problems; • changes in accounting principles, policies and guidelines; and • general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism. Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance or any of the factors listed above. The securities markets in general have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these securities, including our securities, are not predictable. A loss of investor confidence in the market for the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation. **. Our publicly traded securities are subject to potential delisting from the Nasdaq Global Market if we do not meet Nasdaq's continued listing**

requirements, which would likely impair the liquidity of the trading market for our Common Stock and warrants. Our listing on the Nasdaq Global Market is contingent upon meeting all the continued listing requirements of the Nasdaq Global Market. **On two occasions in the past**, including **we received notice from Nasdaq that we were not in compliance with its continued listing** Marketplace Rule 5450 (b) (2) (C), which requires listed companies to maintain a \$ 15 million minimum market value of publicly held shares (the “Minimum Market Value Requirement **requirements based on the**”), and Nasdaq Listing Rule 5450 (a) (1), which requires listed securities to maintain a minimum bid price of \$ 1.00 per share (the “Minimum Bid Price Requirement”). On October 24, 2023, we received written notice from the Listing Qualifications Department of Nasdaq notifying us that, based on the closing bid price of our Common Stock, **While in each case** for the previous 30 consecutive business days, **we no longer comply** **were able to achieve compliance** **with within** the minimum bid price requirement for continued **compliance period, if we fail to meet any listing requirements, we could again receive notice of** **on non** **The** **compliance and in that case may not be able to regain compliance. If our Common Stock or deSPAC Public Warrants are delisted from the** Nasdaq Global Market. The deficiency notice has no immediate effect on the listing of our Common Stock on The Nasdaq Global Market. Pursuant to Nasdaq Listing Rule 5810 (e) (3) (A), we have been provided an **and** initial compliance period of 180 calendar days to regain compliance with the Minimum Bid Price Requirement. To regain compliance, the closing bid price of our Common Stock must be at least \$ 1.00 per share **are** for a minimum of 10 consecutive business days by April 22, 2024, and we must otherwise satisfy The Nasdaq Global Market’s requirements for listing. If we do not regain compliance by April 22, 2024, we may be eligible for **quotation** an additional 180 calendar day compliance period if we elect (and meet the listing standards) to transfer to The Nasdaq Capital Market to take advantage of the additional compliance period offered on that market, unless it does not appear to Nasdaq that it is possible for **or** us to cure the deficiency. To qualify, we would be required, among other things, to meet the continued listing requirement for market value of publicly held shares as well as all other standards for initial listing on **another** The Nasdaq Capital Market **market**, with the exception of the Minimum Bid Price Requirement, and would need to provide written notice to Nasdaq of our **or** **intention exchange, we may be transferred** to cure **an over-** **the** **- counter market or on an electronic bulletin board established** bid price deficiency during the second compliance period. If it does not appear to Nasdaq that it is possible for **unlisted securities** us to cure the deficiency, or if we do not regain compliance within the allotted compliance period (s), including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that our Common Stock will be subject to delisting. We would then be entitled to appeal Nasdaq’s determination, but there can be no assurance that such appeal would be successful. Nasdaq Listing Rule 5810 (e) (3) (D) provides that a failure to meet the Minimum Market Value Requirement exists if the deficiency continues for a period of 30 consecutive business days. As of February 14, 2024, we have a \$ 11.7 million market value of publicly held shares, and may receive a deficiency notice from Nasdaq. If we receive a deficiency notice from Nasdaq, in order for us to regain compliance with the Minimum Market Value Requirement, the market value of our publicly held shares must be \$ 15 million or more for a minimum of 10 consecutive business days within the applicable Nasdaq compliance period (s). We intend to monitor the closing bid price of our Common Stock and consider available options to resolve the noncompliance with the Minimum Bid Price Requirement, which could include seeking to effect a reverse stock split. While we plan to review all available options, we may not be able to regain compliance with the Minimum Bid Price Requirement or otherwise be in compliance with other Nasdaq listing criteria. We also intend to monitor our compliance with the Minimum Market Value Requirement and may take any actions in response to a deficiency notice, if one is received. However, available measures may not be sufficient to regain compliance. If we are not able to regain compliance with requirements for continued listing on Nasdaq, we may transfer to and commence trading on the OTC Markets. Shares traded on the OTC Markets generally have lower trading volumes, fewer market makers, higher trading volatility and wider spreads between bid and ask quotations than shares traded on major national exchanges such as Nasdaq. **The Pink Sheets or the OTC Bulletin Board** Markets are also less regulated than a major exchange like Nasdaq, and typically require less stringent corporate governance requirements. If our Common Stock or Warrants **In such event, it could** become delisted from Nasdaq for any reason and are quoted on the OTC Markets such as OTCQX, OTCQB or OTC Pink, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, stockholders would likely find it more difficult to **trade** **dispose of**, or obtain accurate price quotations for our shares **Delisting**, **and it** would likely also reduce the visibility, liquidity, and value of our Common Stock, reduce institutional investor interest in us, and may increase the volatility of our Common Stock. Delisting could also cause a loss of confidence of potential industry partners, lenders and employees, which may harm our ability to raise capital through alternative financing sources on terms acceptable to us, which could further harm our business and our future prospects. Some or all of these material adverse consequences may contribute to a further decline in our stock price. If an active trading market for our securities is not sustained with sufficient trading volume, you may have limited or no ability to sell your securities. If securities or industry analysts cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Common Stock, then the price and trading volume of our Common Stock could decline. The trading markets for our Common Stock and **deSPAC Public** Warrants will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. **Analysts who previously covered us in the past have since ceased publishing research or reports about us.** If any of the analysts who cover us **now or** in the future change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our Common Stock and **deSPAC** Public Warrants would likely decline. **Analysts who previously covered us in the past have since ceased publishing research or reports about us.** If any **remaining** analyst covering our company **now or** in the future were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the prices and trading volumes of the Common Stock and **deSPAC** Public Warrants to decline. There is no guarantee that the **deSPAC** Public Warrants or **the deSPAC** Private Placement Warrants will ever be in the money, and they may expire worthless. **On January 20, 2021, Rotor consummated the initial public offering (" IPO")**

of 27, 600, 000 units (the "Units"). Each Unit included one sixth of a share of Class A Common Stock and one half of one warrant (the "deSPAC Public Warrants"). Simultaneously with the closing of the IPO, Rotor consummated the sale of 7, 270, 000 warrants (the "deSPAC Private Placement Warrants," and together with the deSPAC Public Warrants, the "deSPAC Warrants") in a private placement to Rotor Sponsor LLC. The exercise price of our deSPAC Warrants is higher than is typical with many companies that have merged with similar blank check companies in the past. Historically, with regard to units offered by blank check companies, the exercise price of a Warrant-warrant was generally a fraction of the purchase price of the units in the initial public offering. The exercise price for our deSPAC Warrants is \$ 11. 50 per warrant share of Common Stock. Upon exercise, the exercise price of the deSPAC Warrants and the number of shares of Common Stock issuable shall be adjusted 1- for- 6, the same ratio as the reverse stock split that was effective as of July 5, 2023, such that each warrant will be exercisable for 1 / 6 of a share of our Common Stock for a purchase price of \$ 11. 50 per warrant. There is no guarantee that the deSPAC Warrants will ever be in the money prior to their expiration, and as such, the deSPAC Warrants may expire worthless. We may redeem unexpired deSPAC Warrants prior to their exercise at a time that is disadvantageous to deSPAC Warrant holders, thereby making their deSPAC Warrants worthless. We have the ability to redeem outstanding deSPAC Warrants at any time after they become exercisable and prior to their expiration, subject to certain exceptions, provided that the last reported sales price of our Common Stock equals or exceeds \$ 60. 00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalization and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the deSPAC Warrant holders and provided certain other conditions are met. For additional information on the circumstances in which the deSPAC Public Warrants may be redeemed, see "Description of Securities — Warrants — Public Stockholders' Warrants" in this Annual Report our prospectus filed with the SEC on April 6, 2022. If and when the deSPAC Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding deSPAC Warrants could force the deSPAC Warrant holders (i-1) to exercise their deSPAC Warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so, (ii-2) to sell their deSPAC Warrants at the then- current market price when they might otherwise wish to hold their deSPAC Warrants or (iii-3) to accept the nominal redemption price which, at the time the outstanding deSPAC Warrants are called for redemption, is likely to be substantially less than the market value of their deSPAC Warrants. None of the deSPAC Private Placement Warrants will be redeemable by us so long as they are held by the initial purchasers or their permitted transferees, subject to certain exceptions. None of the warrants sold in private placement under the Investor Purchase Agreement and the Insider Purchase Agreement are redeemable by us. DeSPAC Warrants are exercisable for Common Stock, and their exercise would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of December 31, 2023-2024, we had there were 20, 549, 453 deSPAC Warrants outstanding Public. Each whole deSPAC Warrants- Warrant entitles the holder to purchase one sixth of a approximately 2, 527, 697 shares- share of our Common Stock at a price of \$ 11. 50 per warrant and Private Placement Warrants to purchase 897, which is equivalent to approximately 3 212 shares at \$ 11. 50 per warrant. Upon exercise, 424, 909 the exercise price of the Public Warrants and Private Placement Warrants and the number of shares of Common Stock issuable shall be adjusted in the same ratio as the reverse stock split that was effective as of July 5, 2023, or 1- for- 6. The shares of Common Stock issued upon exercise of our deSPAC Warrants will result in dilution to the then existing holders of Common Stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our Common Stock or deSPAC Public Warrants. 2024 The Private Placement Warrants are identical exercisable for Common Stock, and their exercise would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. On November 1, 2024, we issued warrants to purchase up to 3, 220, 805 shares of common stock (the "2024 Warrants"). As of December 31, 2024, there were 3, 220, 805 2024 Warrants outstanding. Each whole 2024 Warrant entitles the holder to purchase one share of our Common Stock at a price of \$ 2. 30 per share. The shares of Common Stock issued upon exercise of our 2024 Warrants will result in dilution to the the then existing holders of Common Stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our Common Stock or deSPAC Public Warrants except that, so long as they are held by the initial purchasers or their permitted transferees, (i) they will not be redeemable by us subject to certain exceptions, (ii) they may be exercised by the holders on a cashless basis and (iii) they are subject to registration rights. Anti- takeover provisions contained in our Charter and Bylaws, as well as provisions of Delaware law, could impair a takeover attempt, which could limit the price investors might be willing to pay in the future for our Common Stock. Our Charter and Bylaws contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. We are also subject to anti- takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. These provisions include: • a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; • only the board of directors (pursuant to a majority vote of the whole board), the chairperson of the board of directors, or the Chief Executive Officer may call a special meeting; • stockholder vote of at least 66- 2 / 3 % required to remove a director for " " cause " " ; • stockholder vote of at least 66- 2 / 3 % required to approve certain amendments to the Charter and Bylaws; and • the designation of Delaware and federal courts as the exclusive forums for certain disputes. Our Bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our Bylaws provide, to the fullest extent permitted by law, that internal corporate claims may be brought only in

the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have, or declines to accept, jurisdiction, another state court or a federal court located within the State of Delaware). In addition, our Bylaws provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. This forum selection provision will not apply to claims brought to enforce a duty or liability created by the Exchange Act. Any person or entity purchasing or otherwise acquiring or holding any interest in our stock shall be deemed to have notice of and consented to the forum provision in our Bylaws. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including (i) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, (ii) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and (iii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. As a result, our stockholders may not have access to certain information they deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following January 20, 2026, the fifth anniversary of Rotor's initial public offering, (b) in which we have total annual gross revenue of at least \$ 1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Common Stock and deSPAC Public Warrants that is held by non-affiliates exceeds \$ 700 million as of the last business day of our prior second fiscal quarter, and (ii) the date on which we have issued more than \$ 1.0 billion in non-convertible debt during the prior three-year period. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected to avail ourselves of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Investors may find our Common Stock or deSPAC Public Warrants less attractive because we rely on these exemptions and may continue to rely on them to the extent they remain available to us. If some investors find our Common Stock or deSPAC Public Warrants less attractive as a result of these exemptions and reduced disclosure as an emerging growth company, there may be a less active trading market for and / or more price volatility with respect to our Common Stock or deSPAC Public Warrants. 44