

## Risk Factors Comparison 2025-03-04 to 2024-03-07 Form: 10-K

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There are many factors that affect our business, financial condition, results of operations and cash flows, some of which are beyond our control. The following is a description of some important factors that may cause our business, financial condition, results of operations and cash flows in future periods to differ materially from those currently expected or desired. Factors not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and cash flows. You should carefully consider all of these risks described below, together with the other information included in this Annual Report on Form 10-K, before investing in our securities. As a result of any of these risks, known or unknown, you may lose all or part of your investment in our securities. Risk Factors Summary

Risks Relating to our Business **and Industry**

- A deterioration in general economic conditions, including **due to** inflation-related challenges, resulting in reduced consumer confidence and consumer and business spending and decreased demand for our products.
- The unpredictability of our operating results due to the varying cyclicality of the financial card and electronic payment industries, changes in customer inventory management practices, capital requirements, competition, new product developments, technological changes and other factors.
- **Failure to retain existing key customers and attract new customers due to competitive products, pricing pressures, extended production lead times, financial health of our customers and macroeconomic conditions affecting our industry or our customers.**
- **The highly competitive, saturated and consolidated nature of our marketplace.**
- **Our inability to develop new or enhanced products and services, including due to our inability to undertake time-consuming and costly research and development activities.**
- **The widespread adoption of technological changes, new products or industry standards, such as digital payment systems or mobile payments, which may render our products obsolete or irrelevant, and our failure to develop, introduce and commercialize innovative products to address the evolving needs of our customers in a timely manner or at all.**
- **A cyber-attack or breach of our information technology systems resulting in losses of our intellectual property and / or sensitive cardholder data, harm to our competitive position and a loss of customer trust and confidence, and, as threats evolve, the necessity to invest in significant additional resources to enhance our information security and controls.**
- **The usage, or lack thereof, of artificial intelligence technologies.**
- **Disruptions, delays and/or other failures in our supply chain, including due to** increased costs and inflationary pressures in our supply chain, ~~including with respect to single-source suppliers, or the failure or inability of our suppliers to comply with our codes of conduct or contractual requirements~~ ~~• Failure~~, **trade restrictions, tariffs, foreign conflicts or political unrest in countries in which our suppliers operate, and our inability to retain existing key pass related costs on to our customers and attract new** ~~or difficulty meeting customers~~, **delivery expectations due to competitive products, pricing pressures, extended production lead times, financial health.**
- **Any interruption of our information technology systems, including disruptions or failures of our third-party data centers, inhibiting our ability to serve our customers.**
- **Defects in our software and macroeconomic computing systems, resulting in errors or delays in the processing of transactions and other interruptions in our business operations.**
- **A disruption at any of our production facilities due to weather conditions affecting, climate change, political instability, our or industry social unrest and or our inability to recover quickly our or otherwise provide continuity of production to meet customers** ~~customer requirements.~~
- **Problems in our production processes, including as a result of mechanical or technological failures, which could lead to reduced production capacity and quality.**
- **Defects in our products that may give rise to products recalls, product liability and warranty claims as well as damage to our reputation.**
- **Failure to recruit, retain and develop qualified new and replacement personnel and implement effective succession processes amidst labor shortages and competitive labor markets** ~~• Adverse conditions in the banking system and financial markets, including bank and financial institution failures.~~
- **A cyber-attack or breach of our information technology systems resulting in losses of our intellectual property and / or sensitive cardholder data, harm to our competitive position and a loss of customer trust and confidence, and, as threats evolve, the necessity to invest in significant additional resources to enhance our information security and controls.**
- **Any interruption of our information technology systems, including disruptions or failures of our third-party data centers, inhibiting our ability to service our customers.**
- **Our inability to undertake time-consuming and costly research and development activities in order to develop new or enhanced products and services.**
- **Our substantial indebtedness and the covenants and restrictions in the agreements governing our indebtedness limiting our ability to use our cash flow in certain areas of our business, capitalize on certain business opportunities and pursue our business strategies, all of which could be further impacted if we incur additional debt and could impact our ability to make debt service payments.**
- **An Our inability to make debt service payments and an inability to refinance our existing debt on favorable terms or at all.**
- **Costs associated with being Our inability to execute successfully on an accelerated filer and compliance acquisition strategy or strategic relationships.**
- **Our inability to divest or consolidate certain non-strategic businesses.**
- **Our potential failure to comply with the Sarbanes-Oxley Act of 2002** ~~• A disruption at any of our production facilities and our inability to recover quickly or otherwise provide continuity of production in order to meet customer requirements.~~
- **Problems in our production processes, including as a result of mechanical maintaining effective control over financial reporting and risks relating to investor confidence in or our financial reports** ~~technological failures, which could lead to reduced production capacity and quality.~~
- **Defects in our products that may give rise to products recalls, product liability and warranty claims as well as damage to our reputation.**
- **The impact of the increasing focus on ESG factors on our ability to access capital, produce our products in conformity with stakeholder preferences, and comply with stakeholder demands as well as comply with any new ESG -related legal or**

regulatory requirements **or restrictions, and negative perceptions of our products due to the impact of our products and production processes on the environment and other ESG-related risks**. • Damage to our reputation or brand image resulting from negative perceptions of our business or those entities or individuals with whom we do business. • The effects of climate change on our business. • Our inability to protect our trade secrets, intellectual property and proprietary software; to obtain additional intellectual property rights in the future; and to ensure our products are not infringing the intellectual property rights of others. • **Defects in our software and computing systems** **Our inability to renew licenses with key technology licensors**, resulting in **errors or our loss delays in the processing of transactions and other interruptions in access to certain technologies upon which we rely to develop certain of our products** business operations. • **The Our inability to successfully access capital markets due to the** effects of the low trading volume and fluctuating trading price of our common stock as well as terms of our outstanding indebtedness and **unfavorable market conditions on, which may lead to delays in innovation our or ability to access capital markets the abandonment of our strategic initiatives**. • Our exposure to additional tax collection efforts by states, unclaimed property laws, or future increases in U. S. federal or state income taxes, resulting in additional expenses which we may be unable to pass along to our customers. • Our inability to **realize the full value** divest or consolidate certain non-strategic businesses, and our inability to execute successfully on an acquisition strategy. • **A write-down** of our long-lived assets, which represent a significant portion of our total assets. • **Our inability to renew licenses with key technology licensors, resulting in our loss of access to certain technologies upon which we rely to develop certain of our products.** Risks Relating to our Industry • The highly competitive, saturated and consolidated nature of our marketplace. • Challenges, costs and potential liabilities associated with compliance or failure to comply with existing or future data privacy and security laws, regulations and **other requirements**. • **The widespread adoption of technological changes, including new products or industry standards, such as digital payment systems or mobile payments, which may render our products obsolete or irrelevant, and our failure to develop and introduce innovative products to address the evolving needs of our customers customer contractual requirements**. • Our failure to comply with the standards of the PCI Security Standards Council **and other industry standards**, including due to an inability to continue to make investments in our facilities necessary to maintain compliance with such standards. • The effects of delays or interruptions in our ability to source raw materials and components used in our products from foreign countries due to economic downturns or disruptions, including as a result of responses to global health emergencies and tariffs and trade restrictions. • The effects of ongoing foreign conflicts on the global economy. • **Adverse conditions in the banking system and financial markets, including bank and financial institution failures**. • Our failure to comply with environmental, health and safety laws and regulations, including climate change regulations, that apply to our products and the raw materials we use in our production processes. Risks Relating to Ownership of our Common Stock • Continued concentrated ownership of our shares by our **majority-significant** stockholders and their ability to control decisions regarding our business direction and policies as well as the potential conflicts of interest that may arise between our **majority-significant** stockholders and our other **stockholders**. • **The impact of concentrated ownership of our common stock and the sale or perceived sale of a substantial amount of common stock on the trading volume and market price of our common stock.** • **Potential conflicts of interest for certain individuals serving on our board of directors due to their relationships with our significant** stockholders. • The influence of securities analysts over the trading market for and price of our common stock, particularly due to the lack of substantial research coverage of our common stock. • **Our failure to maintain our listing on the Nasdaq Global Market (“Nasdaq”) due to failure to comply with Nasdaq listing standards.** • The impact of stockholder activism or securities litigation on the trading price and volatility of our common stock. **14** • **Share repurchase programs may not have the intended effect on long-term stockholder value.** • Certain provisions of our organizational documents and other contractual provisions that may delay or prevent a change in control and make it difficult for stockholders other than our **majority-significant** stockholders to change the composition of our board of directors. General Risk Factors • Our inability to comply with numerous evolving and complex laws and regulations relating to financial reporting standards, corporate governance, data privacy, tax, trade regulations, environmental regulations and permit requirements, export controls, competitive practices, labor and health and safety. • Legal costs, **the adequacy of our insurance expenses policies**, settlement costs and the risk of an adverse decision related to legal or regulatory proceedings or litigation. **14** Risks -- Risks Relating to our Business **Risks and Industry Risks** associated with reduced levels of consumer and business spending, inflation-related challenges and the effects of an economic downturn could adversely affect our business, financial condition and results of operations. Our business depends heavily on **the overall level of consumer and business spending**. Our revenue is exposed to general economic conditions that affect consumer confidence, **consumer spending, consumer discretionary income or changes in consumer purchasing habits**. A sustained deterioration in general economic conditions, particularly in the United States, or increases in interest rates may adversely affect our financial performance by reducing the demand for our **Financial Payment payment Card card** solutions or reducing the purchase of our higher margin products. If an economic downturn occurs, credit card issuers may reduce credit limits, close accounts and become more selective **in issuing** with respect to whom they issue credit cards. Certain of our customers, especially in the fintech space, could be severely impacted by a downturn in economic conditions limiting **their credit card spending on cards**, or cease to exist altogether. Additionally, an economic downturn or another global health emergency similar to the COVID- 19 pandemic could result in extended voluntary or mandated closure of retail locations that sell certain of our products to consumers, including our Prepaid Debit Cards. These and other changes in economic conditions could therefore adversely impact our future revenues and profits and cause a materially adverse effect on our business, financial condition and results of operations. Inflation, which increased significantly during 2022 and 2023, has adversely affected us by increasing the costs of materials and labor needed to operate our business and could continue to adversely affect us in future periods. In response to inflation, we have increased and may in the future increase, the sales prices of our products and services in order to maintain satisfactory margins. However, **such increases or maintaining** such increases may result in customer pushback or attrition and be difficult or impossible in future periods, all of which may

have an adverse effect on our financial condition and results of operations. Our operating results are unpredictable and may vary significantly from quarter to quarter and annually, and may differ significantly from our expectations. Our operating results are affected by a wide variety of factors that could materially and adversely affect revenue and profitability or lead to significant variability in our operating results. These factors include the varying cyclical nature of the financial card and electronic payment industries, limited visibility into our customers' anticipated purchasing needs, labor and supply challenges, capital requirements, Payment Card Brands standards and requirements, competition, new product developments, technological changes and other factors. Furthermore, in periods of industry overcapacity or when our customers encounter difficulties in their end markets, orders are more exposed to cancellations, reductions, price reductions or postponements, or changes in customer inventory management practices which in turn reduce our management's ability to forecast the next quarter or full-year production levels, net sales, profits and cash flows. For these reasons, our net sales and operating results and cash flows may differ materially from our expectations as visibility is reduced. This may have a material adverse effect on our business, financial condition and results of operations. A disruption or other failure in..... addition to interruptions to our supply chain. Failure to retain our existing customers or identify and attract new customers would have a material adverse effect on our business. A 15A substantial portion of our net sales is derived from several large customers. The Company had one customer that accounted for approximately 18 % of total net sales for the year ended December 31, 2023-2024. We have been serving this customer for nearly 20 more than 10-years. In addition, nearly two-thirds of our net sales for the year ended December 31, 2023-2024 were from our top ten-10 direct customers, which include certain Resellers Group Service Providers. We have been serving these top ten-10 direct customers for an average of more than 10 years. If one or more of our key customer relationships ends, it could have a material adverse effect on our business and financial results. Our ability to provide products and services to these customers and our other customers and meet very high-quality standards in a timely manner is critical to our business success. For example, one of the our key services that we offer our customers is the prompt and timely production and delivery of replacement debit or credit cards. Orders for these replacement debit or credit cards often are placed on short notice and may require personalization. If we are unable to offer these and our other products and services in a high quality and timely manner, our relationships with our customers may be adversely affected and customers may terminate their contracts with us. In addition, our continued business relationship with our customers may be impacted by several factors beyond our control, including changes in customer purchasing and inventory management practices by our customers, more attractive product offerings from our competitors, pricing and inflationary pressures, Resellers Group Service Providers' and program managers' ability to retain existing or gain new customers, the financial health of our customers and macroeconomic conditions affecting the Financial Payment Card industry or our financial institution and other customers. Our business practices may also be subject to periodic audits by customers as part of their third-party risk management programs, the outcome of which may result in the customer loss of that customer or may cause us to incur significant costs in order to satisfy the customer's requirements. Because our contractual arrangements with customers generally do not include exclusivity clauses or commitments to order specified quantities of products on a medium or long-term basis, there is no guarantee that we will receive orders on a consistent basis or on favorable terms, or be able to renew contracts or purchase orders in a given year on favorable terms or at all. Additionally, as a result of labor shortages and supply-chain constraints, the Company has in the past experienced, and may in the future experience, extended production lead times in the past in some areas of the business which may result in difficulty meeting some customers' delivery expectations. While we continue to proactively monitor, assess and take steps to minimize disruptions and delays in production, these disruptions and delays have caused, and may continue to cause, the Company to lose or delay customer opportunities. If we experience difficulty attracting and retaining customers, particularly our key customers, our business, financial condition and results of operations would be materially and adversely affected. We face competition that may result in The failure to effectively recruit, retain and develop qualified personnel and implement effective succession processes could adversely affect our success and could have a material adverse effect on loss of our market share and / our or a decline in our profitability business, financial condition and results of operations. Our marketplace business functions are complex and require wide-ranging expertise and intellectual capital. If we fail to recruit, retain and develop personnel who can provide the needed expertise across the entire spectrum of our operating and intellectual capital needs, including as a result of leadership changes, then the ability of our business to successfully compete and grow may be adversely affected. The market for qualified personnel is highly competitive, relatively saturated and increasingly consolidated. We expect these market dynamics to continue for new product innovations, and as competitors develop lower-cost production, competitors consolidate and other competitors attempt to enter the markets in which we operate. Some of our competitors have previously experienced labor availability issues larger global customer bases and significantly greater financial, sales and marketing, production, distribution, technical and other capabilities than we do. These competitors may be able to adapt more quickly to new technological requirements and changes in several of customer and / our or regulatory requirements to lower production costs facilities. This shortage of labor has resulted, and may prices, and utilize their global footprint to in-win customers with card needs in multiple markets and by producing cards in lower cost geographies. In addition, some competitors are non-public companies and are not subject to the public company requirements and related expenses that we are. We also face competition from newly established competitors, suppliers of products and customers who develop their future own products and services. Existing or new competitors may develop products, technologies or services that more effectively address our markets with enhanced features and functionality, greater levels of integration and / or lower cost. As the technological sophistication of our competitors and the size of the market increases, competing low-cost producers could emerge and grow stronger. These dynamics could result in increased compensation declining average selling prices and recruiting expenses reduced gross margins in our businesses. If we cannot sufficiently reduce our production costs or develop new products, technologies or services, we may not be able to compete successfully, and we may lose or fail to maintain market share, which could have

a material adverse effect on our profitability, business, particularly financial condition and results of operations. 16 Our future success depends upon our ability to develop, introduce and commercialize new products and services which can be a lengthy and complex process. New and developing technology solutions and products could make our existing technology solutions and products obsolete or irrelevant. We may be unable to commercialize new or improved products and services we may develop on a timely basis or at all. Our ability to enhance our current products and services and to develop and introduce innovative products and services that address the increasingly sophisticated needs of our customers will significantly affect our future success. We may not be successful in developing, gaining market acceptance of, marketing or selling new or enhanced products and services that meet these changing demands in a timely manner or at all. Our failure to do so would likely have a material adverse effect on our ability to retain existing customers or attract new ones. Our ability to develop and deliver new products and services successfully will depend on various factors, including our ability to: • effectively identify and capitalize upon opportunities in new and emerging product markets; • invest resources in innovation and research and development; • complete and introduce new products and integrated services solutions in a timely manner; • license any required third-party technology or intellectual property rights; • qualify for and obtain required industry compliance for our products; • effectively manage the supply chain and related risks; • comply with applicable data protection regulations; • execute on our strategy to diversify our products by adding adjacent product and service offerings, including digital solutions; and • retain and hire personnel experienced in developing new products and services. The research and development of new or enhanced products and services is a complex, time-consuming, costly and uncertain process requiring the accurate anticipation of technological, market and industry trends, as well as precise technical execution, and all such challenges could adversely affect our ability to meet customer demand for new or enhanced products. We have limited research and development resources compared to many of our competitors, which may result in an immature product development process and lengthy product roll-outs, and competitors may be able to develop and commercialize competing products more quickly and efficiently. Artificial intelligence and machine learning technologies have rapidly developed and if we cannot successfully integrate these technologies into our internal business processes and product and service offerings in a timely, cost-effective, compliant and responsible manner, we may be at a competitive disadvantage. New or enhanced product and service offerings may also expose us to additional risks, such as new sources of supplies, increased regulation or reputational harm. If we have difficulty producing innovative products, there could be a material adverse effect on our revenue, results of operations, reputation and business. Additionally, opportunities to combine or package products and service offerings and the ability to cross-sell products and services or expand into new customer verticals or markets are critical to remaining competitive in our industry. As a result, part of our business strategy is to develop new products and services, including digital solutions, that may be used in conjunction with or in addition to our existing offerings. If we are unable to pass all of such expenses identify adequate opportunities to cross-sell our products and services or successfully leverage our offerings to new customer verticals or markets, this may have a material adverse effect on our customers or our business, financial condition and results of operations. Further, the markets for our products and services are limited subject to technological changes, frequent introductions of new products and services, evolving industry standards and changing customer preferences and demands, and our product and service offerings could be rendered obsolete. In particular, the rise in the adoption in digital payment systems our or ability to find suitable workers mobile payments may make physical cards less attractive as a method of payment. Certain merchants are also increasingly offering “buy now pay later” installment programs directly to consumers which may eliminate the use of a payment card to complete a transaction. Mobile payments, biometric payments and direct installment payment programs allow consumers to make purchases without the need to carry a physical card and could, if widely adopted, reduce the number of debit and credit cards issued to consumers. In addition, we rely, in part, on the other new accumulated knowledge, skills and experience of our key personnel developing technology solutions and products, including artificial intelligence and machine learning capabilities, could make our existing technology solutions and products obsolete or irrelevant executive officers. Any The loss of these factors services of any of our key personnel could have a material adverse effect on our business, financial condition and results of operations, as we may not be able to find suitable individuals to replace such key personnel on a timely basis or without incurring increased costs, or at all. If our key personnel were to leave..... and results of operations. System 17 System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, impair customer and vendor relationships, disrupt our internal operations, harm perception of our products and expose us to litigation and / or regulatory penalties, which could have a material adverse effect on our business and our reputation. The reliability and security of our information technology (“IT”) infrastructure and our ability to protect sensitive and confidential information for our customers, which include many financial institutions, is critical to our business. We have been and may continue to be a target of cyber-attacks or cyber intrusions via the Internet, computer viruses, break-ins, malware, phishing attacks, ransomware attacks, hacking, denial-of-service attacks or other attacks and similar disruptions from unauthorized use of or access to computer systems (including from internal and external sources). Increasing In addition, increased attention on and use of artificial intelligence or machine learning capabilities may increase increases these-- the risks-- risk of cyber-attacks and data breaches, which can occur more quickly and evolve more rapidly when artificial intelligence is used. A breach of our security defenses could result in a loss of our intellectual property, the release of sensitive cardholder information and customer, consumer or employee personal data, or the loss of production capabilities at one or more of our production facilities. Further, use of artificial intelligence by our employees, whether authorized or unauthorized, increases the risk that our intellectual property and other proprietary information will be unintentionally disclosed. We may also be at risk from cyber-attacks on third parties with whom we do business to the extent their compromised systems interact with our systems or employees. For example, our employees,

contractors, customers or other users of our systems are from time- to- time subject to fraudulent inducements by parties attempting to gain access to our data. We have no control over the level of response offered by any third party whose systems have been impacted by a cyber- security breach and to the extent we are also impacted by interacting with compromised systems or bad actors, we could also experience system disruptions, financial loss, fines or penalties and potential damage to our reputation. In recent years these types of incidents have become more prevalent and pervasive across industries, including in our industry. In addition, our encryption systems are at risk of being breached or decoded. We use encryption technology to protect sensitive data while in transit and at rest. Also, smart cards are equipped with keys that encrypt and decode messages ~~in order~~ to secure transactions and maintain the confidentiality of data. The security afforded by this technology depends on the integrity of the encryption keys and the complexity of the algorithms used to encrypt and decode information. Any significant advances in technology that enable the breach of cryptographic systems, malicious software infiltration or that allow for the exploitation of weaknesses in such systems could result in a decline in the security we are able to provide through this technology. Any material breach of our secured systems could harm our competitive position, result in a loss of customer trust and confidence, and cause us to incur significant costs to remedy the damages caused by system or network disruptions, ~~whether caused by cyber- attacks, security breaches, internal control failures or otherwise~~, which could ultimately have a material adverse effect on our business, financial condition and results of operations. The protective measures we have implemented ~~to protect against data and security breaches and cyber- attacks~~ may not prevent system or network disruptions and may be insufficient to prevent or limit the damage from any future security breaches. Our activities and investment in protective measures may not be deployed sufficiently quickly or successfully ~~in order~~ to protect our system or network against disruptions and may not prevent or limit the damage from any future security breaches. In addition, as these threats continue to evolve, we may be required to invest significant additional resources to modify and enhance our information security and controls or to investigate and remediate any security vulnerabilities. **A disruption or other failure in our supply chain could adversely affect our business and financial results. We are subject to the risks inherent in production and distribution activities, including** product quality control issues, disruptions or delays in our supply chain **and** as well other external factors over which we have no control. Raw materials used in our products may be sourced from a few key suppliers or a single key supplier. Specifically, certain key components for our ~~Financial Payment- payment Card- card~~ products include EMV- microchips, substrates (such as PVC), resin, modules, antennas and inlays, which we source from multiple suppliers located in various countries, primarily on a purchase order basis. ~~Though we obtain the microchips used in our Financial Payment Card products from multiple suppliers, we source the substantial majority of such microchips from one supplier.~~ For the year ended December 31, ~~2023~~ **2024** approximately ~~96~~ **95** % of the total value of our purchased microchips and antennas came from ~~four~~ **three** main suppliers, and approximately ~~72~~ **78** % came from one supplier, including most of our contactless chips. We may enter into **supplier** agreements ~~with suppliers~~ from time to time which commit us to purchase products at prices less favorable than those available in the market at the time of the order, or in quantities greater than our future needs. If such supplier is unable ~~to~~ **or delayed in fulfill- fulfilling** our **microchip** orders ~~for microchips or is delayed in shipping microchips to us~~, we could fail to timely fulfill customer orders, which could damage our reputation and result in a loss of customers and customer opportunities and material harm to our financial results. ~~15~~ **18** ~~Additionally~~ **Additionally**, our Second Wave cards ~~-~~ featuring a core made with ROBP, rely on a largely international supply chain to ~~source and~~ provide such plastic in accordance with our ~~defined~~ parameters. It is difficult and costly to monitor ~~suppliers-~~ **supplier** of key components and their compliance with our parameters, our codes of conduct, and applicable laws. Any failure by our suppliers to so comply could adversely affect our ability to produce ~~Financial Payment- payment Cards- cards~~ at all or in a manner consistent with standards agreed upon with our customers, which could adversely affect our business, reputation and customer relationships. Moreover, in certain cases, such as with ROBP, microchip and resin suppliers, we may rely on suppliers for which there are not adequate and immediate replacements. **If these suppliers terminate their relationships with us, which fail to timely deliver required products or materials or at all, or otherwise fail to meet their obligations to us, we may result in- be unable** ~~our-~~ **or delayed in our** ~~inability-~~ **ability** to continue to produce or a reduction in production of products **using** that use components from these suppliers ~~in the event the suppliers terminate their relationships with us, fail to deliver products or materials in required volumes or in required timeframes, or otherwise fail to meet their obligations to us~~. We generally do not maintain large volumes of certain types of inventory, which makes us even more susceptible to harm if a supplier fails to deliver products or materials as required. Changes in the financial or business condition of our suppliers, political instability, social or civil unrest, war or adverse market conditions in a supplier' s country, including any new global health emergency, demand from other customers of such suppliers or failure to comply with our codes of conduct or other contractual requirements, could render our suppliers unable to provide us with, or render us unable or unwilling to accept, the components we need ~~to produce our products-~~ and thus subject us to losses or adversely affect our ability to bring products to market. Further, the failure of our suppliers to deliver goods and services in sufficient quantities, in compliance with applicable standards, contract requirements, or laws and regulations, and in a timely manner could adversely affect our customer service levels, our reputation and our overall business. For example, during the COVID- 19 pandemic, we experienced delays in the supply of, and increased costs of, materials necessary to operate our business, which made it difficult to produce our products in a timely manner. In addition, any increases in the costs of goods and services for our business, including ~~because as a result-~~ of inflationary pressures **or tariffs**, may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve **operational** cost efficiencies ~~in our operations~~. If a **supplier** company in our supply chain engages in illegal, unethical or other questionable conduct, we may not have visibility into these practices, we may in certain circumstances **be deemed to have concurrent responsibility with our supplier for such conduct, and we, and our customers, may face legal or reputational harm in addition to interruptions to our supply chain**. Interruptions in our operations, particularly in our IT systems, could have a material adverse effect on our business and reputation. Our business is dependent upon our ability to execute, in an efficient and uninterrupted fashion, necessary business functions, including the operation of complex IT systems and production

equipment. In addition, a significant portion of the communication between our employees, customers and suppliers depends on our IT systems. The reliability of our IT infrastructure and software, and our ability to expand and continually update technologies in response to our changing needs, are critical to our business. **To** ~~In order to~~ serve our customers and operate certain aspects of our business, we depend on data centers and computing infrastructure that is both our own **and** ~~as well as~~ provided by third party vendors. To the extent applications and data used in our business are hosted by third party vendors at their facilities, we do not control the operation of such facilities or in some cases the hardware and infrastructure within them. Any disruption of, interference with, or inability to keep up with our **capacity** ~~needs for capacity~~ by our third- party data centers or hosted infrastructure partners could interrupt our business operations. In addition, any problems faced by our third- party data center operations or hosted infrastructure partners with ~~the~~ **their or our** telecommunications network providers ~~with whom we or they contract~~, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our ability to ~~service~~ **serve** our customers also largely depends on the efficient and uninterrupted operation of our own computer information systems and complex production equipment, much of which relies on computer operating systems, residing at our leased facilities. The proper functioning of such systems can be adversely affected by the increasing age and usage of such systems, among other things. Any interruption in our business applications, systems or networks, including **due**, ~~but not limited to~~, new system implementations, server downtime, failure to upgrade or patch software, facility issues, natural disasters or energy **blackouts** ~~disruptions~~, could have a material adverse impact on our operations, sales and operating results. Additionally, we have a limited number of employees with the expertise required to operate such internal applications, systems and networks as well as remediate them in the event of a failure, and thus the attrition of such employees could result in our inability to quickly and effectively resolve future IT issues ~~that may arise~~. **We** ~~Not only could we~~ suffer damage to our brand and reputation in the event of a system outage or data loss or interruption **and**, ~~but we may~~ also be liable to third parties, including our customers. Some of our contractual agreements require the payment of ~~penalties~~ **penalties** if our systems do not meet certain operating standards, and failure to operate in accordance with the standards of one or more of the Payment Card Brands could result in a loss of compliance of our facilities, any of which could have a material adverse effect on our business. In addition, to successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Protective measures we have established for continuation of core business operations in the event of a catastrophic event may be insufficient to prevent or limit the damage from any future disruptions, and any such disruption could have a material adverse effect on our business, financial condition and results of operations, ~~which could harm our business~~ and reputation and expose us to potential liability. **Our services are based on** sophisticated software and computing systems, **and the software** underlying our services may contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technology on systems used by our customers. Defects in our software, errors or delays in the processing of **digital electronic** transactions or other difficulties could result in the interruption of business operations, delays in market acceptance, additional development and remediation costs, diversion of technical and other resources, loss of customers, negative publicity or exposure to liability claims, ~~any~~ **Our future success** depends upon our **other production facilities may not have the** ability to **develop** **support the production needs serviced by this facility**. ~~introduce~~ **and we do not have contractual arrangements with any other manufacturers in the event this facility ceases to be available to us for any reason. Also, a substantial investment in improvements and equipment is necessary to facilitate the relocation. These costs may exceed our expectations or we may face delays for the relocation of the facility, which could have and** ~~an~~ **commercialize new** ~~adverse effect on our operations, customer relationships and financial performance.~~ **20** **Our business could suffer from problems in production quality, materials and process, which could reduce, delay or interrupt production of our products**, resulting in adverse impacts to our business **and financial results. Our production processes are highly complex, require complex and costly equipment and must continually be modified to improve yields and performance. We may experience production difficulties due to machinery or technology failures, human or other errors, or because of external factors beyond our control, such as delay of, or quality issues with, materials provided by suppliers, interruption of our electrical services ~~service~~ **or a natural disaster, any of** which can **reduce product yields or quality, or** interrupt production ~~altogether~~. We may not have adequate **and timely** replacements for failing or malfunctioning machinery available ~~in a timely fashion~~. Additionally, we have experienced malfunctions and errors, including human error, relating to the operation of certain **production** machinery and systems ~~used in our production process~~ that, in some instances, have resulted in the delivery to our customers of products that did not meet their standards or specifications or failed to function in the marketplace. Such problems have ~~in the past~~ resulted, and may in the future result, in our inability to properly fulfill customer orders and / or our obligation or election to replace products at our cost and expense, provide credit to or reimburse customers for related damages. **We may also be a lengthy and** ~~subject to claims relating to such issues.~~ **As the** ~~complex~~ **complexity of both our products and our technological process processes has become more advanced, production tolerances have been reduced and requirements for precision have become more demanding. If we do not advance our production processes at the market rate, we may experience lower production quality than the market standard**. We may ~~be unable~~ **also risk non-** compliance with certain industry standards if we experience failure of certain **required operations or processes, such as those related to commercialize new** **facility security, which may impede** ~~or our improved ability to deliver~~ products **to** and services we may develop on a timely basis ~~or our customers~~ at all. The development ~~occurrence~~ of new ~~any of these risks could damage~~ ~~or our reputation~~ ~~enhanced products~~ and **result in** services is a complex and uncertain process requiring the ~~loss~~ **accurate anticipation of technological business**, market and industry trends, as well as precise technical execution, all of which could **have an adverse impact on our business, financial condition and results of operations. Costs relating to product defects, and any related product liability and warranty claims may materially** adversely affect our **business. We offer highly complex services and products and, accordingly, from time to****

time, defects have occurred. Such defects can give rise to significant costs, including relating to recalling products, replacing defective items, writing down defective inventory, the loss of potential sales and claims by third parties, and our reputation could suffer. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages. We may also incur liability for damages claims from customers in excess of the amounts they pay us for our products, including consequential damages. In addition, our customers may recall their products if they are defective or make compensatory payments in accordance with industry or business practice or to meet/maintain good customer demand relationships. If such a recall for or new payment is caused by a defect in one of our enhanced products, our customers may seek to recover all or a portion of their losses from us. If any to undertake time-consuming and costly research and development activities, and we may experience difficulties or challenging market conditions that could delay or prevent the successful development, commercialization and marketing of these risks new products and services, including, for example, limited or delayed market acceptance of dual-interface EMV technology or eco-focused card solutions in the United States. Before we can commercialize -- materialize any new products and services, we may need to expend significant funds in order to conduct substantial research and development. Additionally, we have limited research and development resources as compared to many of our competitors, which may result in an immature product development process and lengthy product roll-outs. If we have difficulty producing innovative products, there could be a material adverse effect on our revenue business, financial condition and results of operations. The failure to effectively recruit, retain and business. New or enhanced product and service offerings may also expose us to additional risks, such as new sources of supplies, increased regulation or reputational harm. As we develop products qualified personnel and implement services, we may need to make significant investments in product development and new technology, as well as sales and marketing resources. Furthermore, if we are unable to develop and introduce new and innovative products in a cost-effective succession processes and timely manner, our product and service offerings could adversely affect be rendered obsolete. In addition, competitors may be able to develop and commercialize competing products more quickly and efficiently. Artificial intelligence and machine learning technologies have rapidly developed and if we cannot successfully integrate these technologies into our success internal business processes and product and service offerings in a timely, cost-effective, compliant and responsible manner, we may be at a competitive disadvantage. Any of these factors could have a material adverse effect on our business, financial condition and results of operations. Our business functions are complex and require wide-ranging expertise and intellectual capital. If we fail to recruit, retain and develop personnel who can provide the needed expertise across the entire spectrum of our operating and intellectual capital needs, including due to leadership changes, then the ability of our business to successfully compete and grow may be adversely affected. 19The -- The market for qualified personnel is highly competitive and we have previously experienced labor availability issues in several of our facilities. This shortage of labor has resulted, and may in the future result, in increased compensation and recruiting expenses which could have a material adverse effect on our profitability, particularly if we are unable to pass all such expenses on to our customers or are limited in our ability to find suitable workers. In addition, we rely, in part, on the accumulated knowledge, skills and experience of our key personnel, including our executive officers. The loss of the services of any of our key personnel could have a material adverse effect on our business, financial condition and results of operations because we may not be able to replace them on a timely basis or without incurring increased costs, or at all. If our key personnel were to leave us without adequate succession plans in place we may be unable to maintain continuity in key business functions. We may not succeed in recruiting sufficient personnel to support our production needs or may fail to effectively replace current personnel who depart with qualified or effective successors. Personnel shortages have resulted, and may in the future result, in extended 21production lead times and difficulty in meeting customers' delivery expectations, which could result in the loss of customers and damage to our reputation and have a material adverse effect on our business, financial condition and results of operations. The covenants and restrictions contained in agreements governing our indebtedness may adversely affect our business and results of operations, may restrict our ability to grow and could make it difficult or impossible to timely make our debt service payments or refinance our debt when it comes due. We maintain a substantial amount of debt, and we may incur additional debt in the future to help fund our business. The agreements governing our indebtedness do not fully prohibit us or our subsidiaries from incurring additional indebtedness in the future, and to the extent that we incur additional indebtedness, the risks associated with our substantial indebtedness described below, including our possible inability to service our debt, may increase. Our substantial indebtedness and interest expense could have important consequences to us, including: • limiting our ability to use significant a substantial portion of our cash flow from operations in other areas of our business, including for working capital, research and development, expanding our infrastructure, capital expenditures and other general business activities and investment opportunities in our company, because we must dedicate a substantial portion of these funds to pay interest, make principal payments and / or otherwise service our debt; • impacting our cash flows, results of operations and financial condition when interest rates rise, because the interest rate on our revolving credit facility is a floating rate that varies depending on market interest rates and issuance or refinancing of other debt in the future may be incurred at higher interest rates than current debt; • limiting our ability to retain or attract customers and our ability to attract or retain qualified employees due to our significant amount of debt and the related implications of such debt for the Company' s long- term financial condition; • limiting our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions and the execution of our strategy, and other expenses or investments planned by us; • limiting our flexibility and our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation, our business and our industry; • limiting our ability to timely make our debt service payments or to satisfy our other obligations under our indebtedness (which could result in an event of default and acceleration if we fail to comply with the requirements of our indebtedness); • limiting our ability, or increasing

the costs, to refinance indebtedness prior to maturity dates; • increasing our vulnerability to a downturn in our business and to adverse economic and industry conditions generally; and • placing us at a competitive disadvantage as compared to our competitors that are less leveraged. Additionally, the terms of the agreements governing our indebtedness restrict, and any additional indebtedness we may incur in the future could similarly restrict, our ability to operate our business and to pursue our business strategies. Among other things, these agreements restrict our ability to **do the following (in each case, subject to a number of important exceptions and qualifications as set forth in the respective agreements)**: • incur additional indebtedness; • create liens or use assets as security in other transactions; • enter into certain asset sale transactions or other dispositions of assets; • declare or pay dividends, repurchase or redeem stock, or make other distributions to stockholders; • make investments in other businesses or joint ventures; • merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets; and • enter into transactions with affiliates. -We may not be able to refinance our existing long- term debt if necessary, or we may only be able to do so at a higher interest rate or on other less favorable terms. **-In 2024, we refinanced our existing indebtedness that was due to mature in March 2026, and extended our maturity dates for both our long-term debt and senior secured revolving credit facility to July 2029.** We may be unable to refinance or renew our existing long- term debt and our failure to repay all amounts due on the maturity date would cause **a 22a** default under the **long- term debt and our credit facility. Amounts borrowed and outstanding under our** long- term debt agreement **as well as our credit agreement. Amounts borrowed and outstanding under our long- term debt agreement and senior secured revolving credit facility** are required to be repaid in full, together with any accrued and unpaid interest, no later than **March July 15, 2026-2029** (and may be subject to earlier mandatory prepayment upon certain events). Alternatively, any renewal or refinancing may occur on less favorable terms for both the long- term debt and ~~the~~ credit facility. If we refinance on terms ~~that are~~ less favorable to us than the **current** terms of our existing debt and credit facility, our interest expense may increase significantly, which could impact our results of operations and impair our ability to use our funds for other purposes. **20-We may not be able to successfully execute our acquisition strategy or integrate acquisitions successfully, or successfully enter into, maintain and leverage business relationships, which could adversely affect our financial condition and results of operations. We have sought and intend to continue to seek acquisition opportunities and business relationships to potentially expand into new markets and to enhance our position in existing markets. We may not be able to successfully identify suitable acquisition or relationship opportunities, prevail against competing potential acquirers or business partners, negotiate appropriate acquisition terms, obtain financing that may be needed, extend our product or service offerings into areas in which we have limited experience, enter into new geographic markets, complete proposed acquisitions or successfully integrate acquired businesses into our existing operations. Regularly considering strategic acquisitions or relationships can also divert management' s attention from other business concerns and lead to significant negotiation, due diligence and other expenses, regardless of whether we pursue or consummate any transaction or arrangement. Even if an acquisition or business partnership is successfully integrated, it could result in unforeseen liabilities, cause us to lose key employees or other business relationships or may not otherwise perform as planned. If any of these or other factors limit our ability to achieve the anticipated benefits of a transaction or relationship, or if we encounter other unexpected costs and liabilities in connection with the foregoing, our business, financial condition and results of operations could be materially and adversely affected. We may not be able to sell, exit or reconfigure businesses or facilities that we determine no longer are aligned with our strategy or that should be consolidated. In executing our strategy, we have consolidated certain of our facilities and divested certain of our businesses. We will continue to evaluate such opportunities. We may not be able to sell non- strategic businesses on terms that are acceptable to us, or at all. In addition, if the sale of any non- strategic business cannot be consummated or is not practical, alternative courses of action, including relocation of operations or closure, may not be available to us or may be more costly than anticipated. Any such consolidation or divestiture could adversely affect our continuing business and expenses, revenues, results of operations, cash flows and financial position.** We are considered an accelerated filer and are required to comply with the Sarbanes- Oxley Act of 2002, and our inability to maintain effective internal control over financial reporting in the future could result in investors losing confidence in the accuracy and completeness of our financial reports and negatively affect the market price of our common stock. -As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. The Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") requires our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. The costs associated with compliance with these and future laws and related rules and interpretations could have a material impact on our results of operations. -Management has assessed the effectiveness of the Company' s internal control over financial reporting ~~based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control- Integrated Framework (2013)~~. See Item 9A – Controls and Procedures – Management' s Report on Internal Control over Financial Reporting. We have identified material weaknesses and significant deficiencies in our internal controls in the past and we may identify additional material weaknesses or significant deficiencies in ~~our internal controls in~~ the future. If any such control deficiencies occur in the future, we may not detect errors on a timely basis, our financial statements may be materially misstated, investors may lose confidence in the accuracy and completeness of our financial reports and we may be unable to timely produce our financial reports. Any of the foregoing could negatively affect the market price of our common stock, perhaps significantly. In addition, we could become subject to investigations by any stock exchange on which our securities are listed, the SEC or other regulatory authorities, or litigation or disputes with stockholders, which could require additional financial and ~~management~~ **23management** resources and result in more costly directors' and officers' insurance, which could have an adverse impact on our business. **Disruptions in production at one....., financial condition and results of operations**. Expectations of stakeholders relating to environmental, social and governance matters may impose additional costs and expose us to new risks as well as have an adverse effect on our business, financial condition, results of operations, and cash flows. **Many** ~~There is an~~

increasing focus from certain investors, regulators, customers, employees and other stakeholders concerning **are increasingly focused on** corporate responsibility **and**, specifically related to ESG matters. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in the Company if they believe our **ESG** practices relating to ESG **or assessment performance** are inadequate, which may hinder **our** the Company's access to capital. **In** addition, certain investment funds specialize in companies that perform well in such assessments, and some major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. In addition to the topics typically considered in such assessments, for **businesses in the card production industry companies**, issues of emissions and plastic waste are of particular importance. For example, increased attention to conservation measures and negative consumer attitudes about plastic products or other components in our products could have an adverse impact on demand for our products **;** **which could adversely impact our business and results of operations.** **22** **There** have also been changing consumer concerns and perceptions (whether accurate or inaccurate) regarding the potentially adverse environmental effects of **substances present in certain consumer products, including** substances and components the Company uses in its products, including PVC plastic. Potential consumer concerns may also extend to the sourcing of certain materials and labor and other conditions in those locations. **. Further, our customers may request that changes be made to our products, operations, or production processes**. We may be unable to produce or procure our products in conformity with these preferences and concerns, or doing so may require significant research and development costs, **as well as increased costs to associated with procuring procure** alternative raw materials and components, **and**. We also may need to make changes to our operations that could require additional capital expenditures. **This would adversely affect our financial condition, results of operations and cash flows.** Furthermore, customer, investor and consumer **ESG** expectations in ESG areas have been varied, rapidly evolving and increasing. Specifically, certain customers are beginning to request that the Company provide information on its plans relating to certain environmental related matters such as greenhouse gas emissions, waste sent to landfills and energy usage. The enhanced stakeholder focus on ESG issues requires the continuous monitoring of various and evolving standards, which is time consuming and costly. In addition, **if in the event that we communicate certain ESG initiatives or goals regarding ESG matters,** we could fail, or be perceived to fail, **to meet them in our achievement of such initiatives or goals,** or we could be criticized for the scope of such initiatives or goals **or our approach to meeting those goals**. A failure to adequately meet these various stakeholder expectations and standards may result in reputational damage, the loss of business, diluted market valuation, an inability to attract customers or an inability to attract and retain top talent. Additionally, **the potential for future ESG and climate risk reporting requirements may result in additional costs to monitor, track and report sustainability measures.** **We have implemented or are considering implementing ESG strategies, including efforts to offer more eco-focused solutions to our customers. Our customers may request that changes be made to our products or operations, as well as other aspects of our production processes. These strategies and customer requests could increase our operating costs and may require the investment of capital.** The failure to implement ESG strategies, meet our ESG goals or evolving stakeholder expectations or standards or comply with any new ESG **-**related **laws,** regulations could adversely affect our **or restrictions** reputation and our relationships with customers, which in turn could adversely affect our business, financial condition, results of operations and cash flows. Damage to our reputation or brand image can adversely affect our business. Our reputation forms the foundation of our relationships with key stakeholders and other constituencies, including employees, consumers, customers and suppliers, and maintaining a positive reputation globally is critical to the successful operation of our business. Negative publicity surrounding us, our activities, our personnel or our business partners, consumer perception of our response to political and social issues or catastrophic events, and campaigns by activists, whether or not warranted, connecting us, our personnel, our supply chain or our business partners to a failure to maintain high ethical, business and environmental, social and governance practices, including with respect to human rights, workplace conditions and employee health and safety, whether actual or perceived, could adversely impact our reputation and brand image and may decrease demand for our products, thereby adversely affecting our business, results of operations, cash flows or financial condition. Climate change may adversely affect our operations and financial performance. There is continuing concern from **members of** the scientific community and the general public that emissions of greenhouse gases ("GHG") and other human activities have caused or will cause significant changes in weather patterns and increase the frequency and severity of extreme weather events, including, **without limitation,** droughts, wildfires, hurricanes and flooding. Extreme weather events have and may continue to adversely affect us because of their impact on the availability and cost of raw materials and components we need to produce our products and that we source from locations in the United States and **internationally 24internationally** that have experienced and may continue to experience such events. In addition, extreme weather events could have an adverse impact on **, among other things,** our customers' demand for our products and services due to impacts **of such events on them as well as decreased their, or general,** consumer demand and spending power **as a result of such events,** and also on our insurance premiums, operating costs and ability to timely fulfill customer orders in the event of damage or disruption to one of our facilities **resulting from such an event.** **23** **We** **We** may be unable to adequately protect our trade secrets and intellectual property rights against misappropriation or infringement, which may have a material adverse effect on our business. Our ability to protect our intellectual property is important to our business. We depend on patents and other intellectual property rights to protect our products, proprietary designs and technological processes against misappropriation by others. Our existing or future patents may be challenged, invalidated or circumvented. Our patents have been and may in the future be challenged as invalid. Furthermore, we may have difficulty obtaining additional patents and other intellectual property protections in the future. The patents and intellectual property rights that we receive may be insufficient to provide us with meaningful protection or commercial advantage. Moreover, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which we provide services or sell or license products. Our efforts to prevent the misappropriation or infringement of our intellectual property or the intellectual property of our customers may not succeed. We actively seek to protect our proprietary rights and trade secrets by engaging in

litigation and by entering into confidentiality agreements with our employees, consultants, and strategic partners and controlling access to and distribution of our technologies, documentation and other proprietary information. Nevertheless, unauthorized parties may attempt to copy aspects of our products or technologies or to obtain and use information that we regard as proprietary and may use such information to interfere with our business. Enforcing our intellectual property rights has in the past caused and may in the future cause us to incur significant costs. These costs and other consequences from the unauthorized use of our intellectual property could have a material adverse effect on our business, financial condition and results of operations. Companies in our industry aggressively protect their intellectual property rights. Our products often contain technology provided to us by other parties such as suppliers or customers, and we compete in an industry that is highly active in generating intellectual property. We may have little or no ability to determine in advance whether such technology infringes the intellectual property rights of a third party. From time to time, we receive notices or are named in litigation that claim we have infringed upon, misappropriated or misused other parties' proprietary rights or that challenge the validity of our patents. In addition to the costs and distraction that result from intellectual property litigation and infringement claims, an adverse outcome in these types of disputes could prevent us from offering some of our products and services or from enforcing our intellectual property rights. Settlements can involve royalty or other payments that could reduce our profit margins and may have a material adverse effect on our financial results. Our suppliers, customers and licensors may not be required to fully indemnify us for the costs of defending against infringement claims. In addition, we may be required to indemnify some customers and strategic partners related to allegations, regardless of merit, that our products infringe on the intellectual property rights of others. We also face risks related to open source software. Certain of our software is derived from open source software, which is generally made available to the public by its authors and / or other third parties. Open source software is often made available under licenses, which impose certain obligations in the event we distribute derivative works of the open source software. These obligations may require us to make source code for the derivative works available to the public and / or license such derivative works on terms different from those customarily used to protect our intellectual property and we may incur additional costs to the extent we use open source software that is subject to licensing. With respect to our proprietary software, we generally license such software under terms that prohibit combining it with open source software. Despite these restrictions, parties may combine our proprietary software with open source software without our authorization, in which case we might nonetheless be required to release the source code of our proprietary software. Usage of open source software can lead to greater risks than the use of third party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software or remedies against the licensors. Many of the risks associated with open source software cannot be eliminated and could have a material adverse effect on our business, financial condition and results of operations. In addition, the rise of artificial intelligence and machine learning technologies may expose us to increasing risk with regard to both protecting of our intellectual property and defending against misappropriation claims. Such technologies are imperfect and the use of artificial intelligence or machine learning technologies by us, our customers or ~~parties~~ **25parties** with whom we conduct business, and by unrelated third parties could inadvertently cause us to infringe upon other parties' intellectual property ownership or rights, or could alternatively infringe upon our intellectual property rights. As a result, we may be subject to claims we have infringed upon, misappropriated or misused other parties' intellectual property. We may also have to resort to litigation to enforce our intellectual property rights, either of which could result in substantial costs and diversion of our resources. ~~24~~**We may experience** **We rely on licensing arrangements in production and other fields, and actions taken by any of our licensing partners could have a material adverse effect on our business. Many of our products integrate third- party technologies that we license or otherwise obtain the right to use, including software defects relating to smart card operating systems. As part of our strategy, we have entered into licensing agreements with other leading industry participants that provide us with access to technology owned by third parties. For example, we license card technology for use in certain of our products, and we rely on our commercial arrangements with the licensors of such technology for the continued use of these platforms. These licensors may not continue to renew their licenses with us on similar terms or at all**, which could ~~harm~~ negatively impact our net sales. We have also entered into cross- licensing agreements with certain of our competitors that provide for an exchange of intellectual property, including the sharing of certain patent rights in our respective portfolios, **and we continue**. ~~We also may seek to do so~~ **enter into additional cross- licensing arrangements with certain competitors** as we pursue additional growth initiatives. If we are unable to enter into new cross- licensing agreements or continue to successfully renew existing cross- licensing agreements, we may lose our access to certain technologies that we rely upon to develop certain of our products and or be forced to cease or delay certain growth initiatives, **which could have a material adverse effect on** our business **and reputation and expose us to potential..... negative publicity or exposure to liability claims**. Our ability to raise capital in the future may be limited, which could lead to delays in innovation and abandonment of our strategic initiatives. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. The terms of our outstanding indebtedness and the low trading volume and fluctuating trading price of our common stock may adversely affect our ability to access capital markets and any such financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. We may be unable to access capital due to unfavorable market conditions or other market factors outside of our control, and we may not be able to raise additional capital when needed. Any failure to achieve adequate funding will delay our products and services innovation and development and could lead to abandonment of one or more of our strategic initiatives. Any of these events could materially harm our business, financial condition and prospects. We may become subject to additional tax collection obligations, claims for uncollected amounts, and assessments from unclaimed property audits, new U. S. tax legislation could expose us to additional liabilities and our income tax positions or unclaimed property practices may be challenged by relevant authorities, all of which could adversely affect our cash flows and financial results. Several states have adopted legislation requiring out- of- state sellers to collect and remit sales tax on sales transactions into those states where they have no physical presence. States seeking to

expand applicability of sales tax “ nexus ” laws could result in additional tax expenses in the event we are unable to pass these expenses along to our customers and additional administrative burden to collect and remit sales tax in such jurisdictions. In addition, we are subject to U. S. federal and state income taxes. Our tax receivables may not be realized, and our tax expense and the tax positions included in our financial statements, which are subject to estimates, could be impacted by changes in rules or interpretations of existing tax laws and changes in U. S. federal and state tax legislation and tax rates. New legislation may be enacted which could increase income tax rates in jurisdictions where we operate or have nexus and materially impact our tax provision, cash tax liability and effective tax rate. Additionally, our income tax positions may be challenged by relevant tax authorities and we may not be successful in defending against any such challenge, which may adversely affect our future cash flows and financial results. We are also subject to unclaimed property (escheat) laws in various states which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time. We are subject to audit by individual U. S. states with regard to our escheatment practices. Such audits may cause us to incur significant costs related to outside professional fees and divert management’s time away from business operations. **26 Additionally**, we may be subject to assessments, penalties or fines that could adversely affect our financial results. The legislation and regulations related to tax and unclaimed property matters tend to be complex and subject to varying interpretations by both government authorities and taxpayers. ~~We may not be able to sell, exit or reconfigure businesses or facilities that we determine no longer meet with our strategy or that should be consolidated, and we may not be able to execute on an acquisition strategy or integrate acquisitions successfully. In executing our strategy, we have consolidated certain of our facilities and divested certain of our businesses. We will continue to evaluate such opportunities. Any such consolidation or divestiture could adversely affect our continuing business and expenses, revenues, results of operations, cash flows and financial position.~~ ~~25 We may not be able to sell non- strategic businesses on terms that are acceptable to us, or at all. In addition, if the sale of any non- strategic business cannot be consummated or is not practical, alternative courses of action, including relocation of operations or closure, may not be available to us or may be more costly than anticipated. We intend to continue to seek additional acquisition opportunities to potentially expand into new markets and to enhance our position in existing markets. We cannot assure we will be able to successfully identify suitable acquisition opportunities, prevail against competing potential acquirers, negotiate appropriate acquisition terms, obtain financing that may be needed to consummate such acquisitions, complete proposed acquisitions, successfully integrate acquired businesses into our existing operations or expand into new markets. In addition, any acquisition, once successfully integrated, may not perform as planned, be accretive to earnings or prove to be beneficial to our operations and cash flow.~~ Our long- lived assets represent a significant portion of our total assets, and we may never realize their full value. Our long- lived assets recorded as of December 31, ~~2023~~ **2024** include \$ ~~63.68~~ **16** million of plant, equipment, leasehold improvements and operating lease right- of- use assets, \$ ~~14.10~~ **15** million of net intangible assets, and \$ 47. 2 million of goodwill. We perform goodwill impairment testing on an annual basis as of October 1 of each year. Other long- lived assets, such as identifiable intangible assets and plant, equipment and leasehold improvements are reviewed for impairment whenever events, changes or circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If we were to conclude that a future write- down of our long- lived assets is necessary, we would have to record the appropriate charge, which could result in a material adverse effect on our results of operations. A write- down of our long- lived assets may result from, among other things, deterioration in our performance and a decline in expected future cash flows and could have a material adverse effect on our business, financial condition and results of operations. We rely on licensing arrangements in production..... financial condition and results of operations. Current and prospective regulations, changes in our product offerings and customer contractual requirements addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations and financial condition. In operating a ~~Financial Payment~~ **payment Card-card** business, we manage large amounts of personally identifiable information of cardholders, including cardholder names, account numbers, healthcare provider names and health savings account numbers, and similar information and are thus subject to laws and requirements relating to data privacy and security, which continue to evolve and may become increasingly difficult to comply with. For example, the California Consumer Privacy Act and the California Privacy Rights Act generally require companies like ours, which process consumer personal information on behalf of their customers, to use, retain or disclose consumer personal information solely for certain limited purposes, including to provide services to our customers according to the terms of our customer contracts. Other states have enacted **or amended** similar ~~data privacy laws and regulations and / or amended their existing~~ data privacy laws and regulations. Furthermore, to the extent these laws apply to our customers, our customers have imposed, and may continue to impose additional, privacy related contractual obligations on us, adherence to which may require additional investment in resources and internal processes. Additionally, as we continue to innovate our products and services offerings, including potentially leveraging the use of artificial intelligence and machine learning capabilities, and expand into new lines of business, and as the number of jurisdictions enacting privacy and related laws increases and the scope of these laws and enforcement efforts expand, we have and may continue to become subject to additional data privacy and security legal requirements and regulations such as HIPAA. **The legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings or other events could expose the Company to increased program costs, liability and reputational damage.** New products and services we develop may also require that we obtain and retain more personally identifiable information for a longer period of time than we have done historically. We have incurred significant expenses to meet the obligations of current privacy- related laws and requirements, and we expect to continue to incur these as well as additional expenses if we become subject to additional privacy- related laws and regulations, which will continue to necessitate us making changes to our internal processes, procedures and systems. Failure to comply with existing or future data privacy and security laws, regulations and requirements ~~to which we are or become subject~~ could result in fines, sanctions, penalties, civil lawsuits or other adverse consequences as well as loss of customer and consumer confidence, which could materially adversely affect our results of operations, overall

business and reputation. The legal, political and **Our failure to operate our** business environments in **accordance with** these--  
**the standards of the PCI Security Standards Council** areas are rapidly changing, and subsequent legislation, regulation,  
litigation, court rulings or other events could expose the Company to increased program costs, liability and reputational damage.  
27New and developing technology solutions and products could make our existing technology solutions and products obsolete  
or irrelevant, and if we are unable to introduce new products and services in a timely manner, our business could be materially  
adversely affected. The markets for our products and services are subject to technological changes, frequent introductions of  
new products and services, evolving industry standards and changing **applicable to our** customer **customers** preferences and  
demands. In particular, **such** the rise in the adoption in digital payment systems or mobile payments may make physical cards  
less attractive as a method of payment. Certain merchants are also increasingly offering “buy now pay later” installment  
programs directly to consumers which may eliminate the use of a payment card to complete a transaction. Mobile payments,  
biometric payments and direct installment payment programs offer consumers an alternative method to make purchases without  
the need to carry a physical card and could, if widely adopted, reduce the number of Financial Payment Cards- **Card Brands**  
**compliance standards** issued to consumers. In addition, other new and developing technology solutions and products,  
including artificial intelligence and machine learning capabilities, could make our existing technology solutions and products  
obsolete or irrelevant. Our ability to enhance our current products and services and to develop and introduce innovative products  
and services that address the increasingly sophisticated needs of our customers will significantly affect our future success. We  
may not be successful in developing, marketing or selling new products and services that meet these changing demands. In  
addition, we may experience difficulties that could delay or prevent the successful development, introduction or marketing of  
these services, or our new services and enhancements may not adequately meet the demands of the marketplace or achieve  
market acceptance. If we do not complete or gain market acceptance of new products, services and technologies, it would likely  
have a material adverse effect on our ability to retain existing customers or attract new ones. For example, one of our growth  
opportunities is the continued transition to dual-interface EMV cards by U. S. card issuing banks. Banks may be delayed in  
transitioning to the issuance of dual-interface EMV cards due to increased costs and other factors. If these entities do not deploy  
dual-interface EMV technology or do so less quickly and/or completely than we expect, our ability to grow could be affected  
which could have a material adverse effect on our business, financial condition and results of operations. Our ability to develop  
and deliver new products and services successfully will depend on various factors, including our ability to: • effectively identify  
and capitalize upon opportunities in new and emerging product markets; • invest resources in innovation and research and  
development; • complete and introduce new products and integrated services solutions in a timely manner; • license any  
required third-party technology or intellectual property rights; • qualify for and obtain required industry compliance for our  
products; • effectively manage the supply chain and related risks; • comply with applicable data protection regulations; and •  
retain and hire personnel experienced in developing new products and services. Additionally, opportunities to combine or  
package products and service offerings and the ability to cross-sell products and services are critical to remaining competitive in  
our industry. As a result, part of our business strategy is to develop new products and services that may be used in conjunction  
with or in addition to our existing offerings. If we are unable to identify adequate opportunities to cross-sell our products and  
services, this may have a material adverse effect on our business, financial condition and results of operations. Our failure to  
operate our business in accordance with the standards of the PCI Security Standards Council or other industry standards  
applicable to our customers, such as Payment Card Brands compliance standards, could have a material adverse effect on our  
business. Many of our customers issue their cards on the networks of the Payment Card Brands that are subject to the standards  
of the PCI Security Standards Council or other standards and criteria relating to service providers’ and producers’ facilities,  
products and physical and logical security which we must satisfy **in order** to be eligible to supply products and services to such  
customers. Most of our contractual arrangements with our customers may be terminated, or customers may cease doing business  
with us, if we fail to comply with these standards and criteria. 28We 27We make significant investments in our **network** of high-  
security facilities **in order** to meet these standards and criteria **and**, including investments required to satisfy changes adopted  
from time to time in **them** their respective standards and criteria. Further investments may be costly, and if we are unable to  
continue to meet these standards and criteria, we may become ineligible to provide products and services that have **been**  
**constituted in the past** an important part of our revenue and profitability. For the year ended December 31, 2023-2024, the vast  
majority of **the our** products **we produced** and services **we provided** were subject to compliance with the standards of one or  
more of the Payment Card Brands. If we **were fail to comply** lose compliance with one or more of the standards of the Payment  
Card Brands or of the PCI Security Standards Council for one or more of our facilities, we may lose the ability to produce cards  
for or provide services to banks issuing credit or debit cards on the **networks of the Payment Card Brands- Brand networks** .  
Additionally, certain of our facilities operate under variances of certain of these standards. If such variances are not granted in  
the future or if we are required to move or alter a facility in order to maintain compliance, we may incur significant costs and  
delays, or may lose our ability to offer services in that facility, which would be disruptive to our business and have an adverse  
effect on our customer relationships and financial results. If, as a result of noncompliance with standards of the PCI Security  
Standards Council or **other standards of** the Payment Card Brands, we are not able to produce cards for or provide services to  
any or all of the issuers issuing debit or credit cards on such networks, we could lose a substantial number of our customers,  
which could have a material adverse effect on our business, financial condition and results of operations. Delays or interruptions  
in our ability to source raw materials and components used in our products from foreign countries, as well as trade restrictions  
on goods imported into the United States, could materially harm our business, financial condition and results of operations.  
Most of our microchips, as well as certain other raw materials used in our products, are imported from suppliers located outside  
of the United States. We have experienced and may in the future experience delays and interruptions in our ability to obtain  
materials imported into the United States due to global economic downturns and trade disruptions, including related to global  
health crises. We may also experience such delays and interruptions in our supply chain due to political instability, civil unrest

or war in countries from which we directly or indirectly source raw materials and components used in our products. Additionally, the U. S. government has imposed tariffs on imports from certain countries, including countries in which our suppliers are located, and may **impose further, and may continue imposing, substantial additional new or increased** tariffs and / or trade restrictions. The future status of certain existing international trade agreements to which the United States is party is also uncertain, and such trade agreements could be terminated or replaced. **Additional tariffs or trade restrictions may lead to increased prices to our customers, which may reduce demand, or, if we are unable to achieve increased prices, result in lowering our margin on products sold.** Any of these factors could depress economic activity, restrict our access to suppliers and have a material adverse effect on our business, financial condition and results of operations. Existing tariffs are also subject to a number of uncertainties as they are implemented, including future adjustments and changes to the products covered by additional tariffs and to the countries included or excluded from such tariffs. Changes in U. S. trade policy have resulted in one or more foreign governments, including China, adopting responsive trade policies that make it more difficult or costly for us to import our products, or to purchase products which include components, from those countries. Additional trade restrictions may lead to increased prices to our customers, which may reduce demand, or, if we are unable to achieve increased prices, result in lowering our margin on products sold and adversely affecting on our business, financial condition and results of operations. We cannot predict the extent to which the U. S. or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions **or related retaliatory responses** on the import or export of goods in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers and the U. S. economy, which in turn could have a material adverse effect on our business, financial condition and results of operations. Prolonged military action in foreign conflicts has impacted and may continue to have adverse effects on the global economy, and such effects could materially adversely affect our business, operations, operating results and financial condition. In early 2022, Russian forces launched significant military action against Ukraine, and the region has since experienced sustained conflict and disruption, which may continue in **2023-2025** and beyond. Governments in the United States, United Kingdom and European Union have each imposed export controls on certain products and financial and ~~29~~**economic** sanctions on certain industry sectors and parties in Russia. Additionally, ~~hostilities~~ **conflicts have developed recently in several parts of** the Middle East **are ongoing**. ~~These actions and conflicts could develop to~~ **have not had a material impact on more widespread economic and geopolitical effect in the Middle East, Europe or the other regions, and could** ~~Company's financial condition or results of operations; however, the~~ **in economic sanctions between or among countries. The** continuation or escalation of geopolitical tensions or military action related to the conflict and the imposition of additional economic sanctions could continue to adversely affect the global economy and financial markets, disrupt trade and accelerate ~~inflationary~~ **inflationary** pressures, among other things, which could negatively affect the demand for our products and further intensify problems in the global supply chain. Although we do not have any operations in the affected areas, we believe we have experienced shortages in raw materials and increased costs for transportation and energy due in part to the negative impact of the foreign military conflicts on the global economy, which impacts may persist or worsen as these conflicts continue or escalate. Such conflicts also increase the risk of retaliatory acts impacting U. S. companies, which may include disruptions to our or our customers' or suppliers' technology infrastructure, including through cyberattack, ransom attack or cyber- intrusion. The extent and duration of any military action, sanctions and resulting market and economic disruptions are impossible to predict but could be substantial. **Conditions in the banking system and financial markets, including the failure of banks and financial institutions, could have an adverse effect on our business, financial condition and results of operations.** Events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past led and may in the future lead to market- wide liquidity problems. For example, in March 2023, the Federal Deposit Insurance Corporation took control and was appointed receiver of Silicon Valley Bank and Signature Bank, after each bank was unable to continue its operations, ~~and assisted with the assumption of First Republic Bank's deposits and assets by JP Morgan Chase~~. These events exposed vulnerabilities in the banking sector, including uncertainties, significant volatility and contagion risk, any or all of which could have an adverse effect on our business, financial condition and results of operations. In addition to the market- wide impacts, our reliance on financial institutions and non- traditional financial service providers such as fintechs as our primary customers exposes us to additional risk from adverse events affecting the industry. Certain financial institutions' failures, the migration of deposits from smaller financial institutions to larger ones due to reduced confidence in or concerns about the stability of smaller financial institutions or non- traditional financial service providers, as well as consumers opening fewer new accounts at these institutions, may impact the quantity and timing of orders for our products. Additionally, uncertainty in the banking sector, as well as broader economic conditions in general, may cause banks and financial institutions to implement precautionary measures such as reducing spending on card programs or being more selective about issuing or renewing cards to customers. Any of the foregoing events could result in lower demand for our products, which in turn could have a material adverse effect on our business, financial condition and results of operations. Critical vendors, third- party manufacturers or other third parties on which we rely could also be adversely affected by the liquidity and other risks related to bank failures, ~~which in turn could result in material adverse impacts on our business, financial condition and results of operations~~. These could include, ~~but may not be limited to,~~ **access** to, **deposits or other financial assets** or the uninsured loss of, **deposits or other financial assets** and difficulty in accessing commercial financing on acceptable terms or at all due to tightening credit markets, unfavorable covenant terms and higher interest rates. Any third- party bankruptcy or insolvency, or any breach or default by a third party on which we rely, or the loss of any significant supplier relationships, could

**result in material adverse impacts on our business, financial condition and results of operations**. Environmental, health and safety laws and regulations, including climate change regulations, expose us to liability and any such liability may have a material adverse effect on our business. We are subject to environmental, health and safety laws and regulations in each jurisdiction in which we operate. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of our employees. For example, the handling of certain materials and equipment we use in our production processes is subject to health and safety and environmental laws and regulations. We are also required to obtain environmental permits from governmental authorities for certain of our operations. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. As with other companies engaged in similar activities or that own or lease real property, we face inherent risks of environmental liability at our current and historical production facilities. Certain environmental laws impose strict and, in certain circumstances, joint and several liabilities on current or previous owners or operators of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, we may discover new facts or conditions that may change our expectations or be faced with changes in environmental laws or their enforcement that would increase our liabilities. Furthermore, our costs of complying with current and future environmental and health and safety laws, or our liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on our business, financial condition and results of operations. The increasing concern over climate change has resulted in a broad range of proposed and promulgated federal, state and local regulations aimed at mitigating the effects of climate change, including regulating emission of carbon dioxide, methane and other GHG emissions, mandating recycling of plastic materials, imposing energy or carbon or other waste taxes and effectuating other governmental charges and mandates. Because we use materials in many of our products and engage in production processes that may be the subject of certain of these regulations, if enacted, such regulations could result in additional costs and adverse effects on our business in the form of (i) additional taxes, (ii) potential fines for noncompliance, (iii) restrictions on output, (iv) additional expenditures to either purchase new, or modify existing, equipment or processes, (v) required acquisition or trading of emission allowances and / or (vi) increased costs in the price of energy and / or in procuring alternative or additional raw materials from our suppliers. **These developments and further legislation that may be enacted could negatively affect our operations and increase our production costs**. Climate change regulation continues to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such regulation could have a material adverse effect on our business, results of operations, financial position, capital expenditures and reputation. ~~These developments and further legislation that is likely to be enacted could negatively affect our operations. Changes in health and safety or environmental regulations could increase our production costs, which could have a material adverse effect on our business, financial condition and results of operations.~~ **Risks** Relating to Ownership of our Common Stock Our ~~majority~~ **former controlling** stockholders **continue** have the ability to **own** control significant corporate activities, which may result in the Company taking actions that other stockholders did not approve, and their ownership of a significant percentage of our ~~outstanding~~ common stock, **and such stockholders** may adversely impact **influence major corporate decisions of the Company and our interests may conflict with the interests of the other holders** liquidity and trading price of our **common** stock. Tricor Pacific Capital Partners (Fund IV), Limited Partnership and Tricor Pacific Capital Partners (Fund IV) US, Limited Partnership (collectively, the "Tricor Funds"), affiliated with Parallel49 Equity (formerly known as Tricor Pacific Capital) ("**Parallel49**"), **were formerly our controlling stockholders and** own approximately ~~57-43~~ **43** % of our common stock, in the aggregate, as of December 31, ~~2023~~ **2024**. ~~Continuation~~ **As a result** of this **their ownership, the Tricor Funds, may have the ability to influence the outcome of matters submitted to a vote of all stockholders and, through our board of directors, the ability to influence decision-making with respect to our business direction and policies. Matters over which the Tricor Funds, directly or indirectly, exercise influence include the election of directors, approval of business combinations or dispositions and other extraordinary transactions. The Tricor Funds may also have interests that differ from the interests of other holders of our securities and may vote in a way that may be adverse to other stockholders' interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company which could materially and adversely affect the market price of our securities. The concentration of ownership by our significant stockholders and the sale or availability for sale of substantial amounts of our common stock may adversely impact the market price and liquidity of our common stock. Although our former controlling stockholders, the Tricor Funds, reduced their ownership in our common stock from 56 % as of September 30, 2024 to 43 % as of December 31, 2024, they continue to maintain a significant ownership position in the Company. Continued** concentrated ownership could result in a limited number of shares being available to be traded in the market, resulting in reduced liquidity. ~~Additionally,~~ **and historically** the price of our common stock has experienced volatility due to the limited number of shares available to trade on the open market. ~~Also~~ **Additionally,** ~~sales as a result of substantial amounts of our common stock in their ownership, the Tricor Funds, so long as they~~ **the collectively hold a majority of public market, including sales by our significant stockholders, our** ~~or the perception that outstanding shares, will have these sales could occur, could adversely affect the market price of our common stock and could materially impair our~~ ability to **raise capital** control the outcome of matters submitted to a vote of all stockholders and, through our board of directors, the ability to control decision-making with respect to our business direction and policies. Matters over which the Tricor Funds, directly or indirectly, exercise control include: ● election of directors; ● mergers and other business combination transactions, including proposed transactions that would result in our stockholders receiving a premium price for their shares; ● other acquisitions or dispositions of businesses or assets; ● incurrence of indebtedness and the issuance of equity **offerings in** securities; ● repurchases of stock and payment of dividends; and ● the issuance of shares to management under our incentive plans and other ~~the future~~ **executive compensation matters**. ~~The shares of our common stock held by the Tricor Funds are~~

registered for resale, which means that they may be offered and sold to the public now or in the future without regard to the volume limitations under Rule 144 of the Securities Act, **and the Tricor Funds sold a portion of these shares through an underwriter in 2024.** If ~~and when~~ some or all of ~~these~~ **the remaining** shares are sold by the Tricor Funds or the participants in their funds, either through sale on the open market, through privately negotiated transactions or through a distribution to the participants in their funds, or if it is perceived that they will be sold, the market price of our common stock could decline. **Conflicts of interest** may arise because directors who are principals of or who were nominated by our **majority significant** stockholders serve on our board of directors. Nicholas Peters, who is an officer of Parallel49 Equity (and its predecessor), serves on our board of directors. H. Sanford Riley ~~was~~ **and Lisa Oleson each were** nominated to serve on our board of directors by the Tricor Funds, our **majority significant** stockholders pursuant to the Director Nomination Agreement (defined below). The Tricor Funds are ~~funds~~ controlled by Parallel49 Equity and its affiliates. Parallel49 Equity and entities controlled by it may in the future hold equity interests in entities that directly or indirectly compete with us, and companies in which it currently invests may begin directly or indirectly competing with us. As a result of these relationships, when conflicts between the interests of Parallel49 Equity, on the one hand, and of our other stockholders, on the other hand, arise, such directors may not be disinterested. Although our directors and officers have a duty of loyalty to the Company under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as (1) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our board of directors and a majority of our disinterested directors approves the transaction, (2) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our stockholders and a majority of our disinterested stockholders approve the transaction or (3) the transaction is otherwise fair to us. Our certificate of incorporation also provides that any principal, officer, member, manager and / or employee of Parallel49 Equity or any entity that controls, is controlled by or under common control with Parallel49 Equity (other than any company that is controlled by us) or any investment funds managed by Parallel49 Equity will not be required to offer any transaction opportunity of which such person becomes aware to us and could take any such opportunity for himself, herself or itself or offer such opportunity to other companies in which such person has an investment, unless such opportunity is offered to such person solely in his, her or its capacity as one of our directors. ~~31 Securities~~ **Securities** analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline. The trading market for our common stock could be influenced to some extent by the research and reports that industry or financial analysts publish about the Company and our business. We do not control these analysts. Historically, we have not attracted substantial research coverage, and the **current or future** analysts who publish information about our common stock may have relatively little experience with us, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. ~~In~~ **If one or more of the these** event we obtain additional securities or industry analyst coverage, ~~if any of the analysts who cover us~~ provide inaccurate or unfavorable research or, ~~issue~~ an adverse opinion regarding our stock price, ~~our stock price could decline.~~ ~~If one or more of these analysts~~ cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. ~~If we fail to meet the continued listing standards of the Nasdaq Global Market, our common stock may be delisted, which may adversely affect the market price and liquidity of our common stock. Our common stock is currently traded on the Nasdaq Global Market. In order to maintain our listing on Nasdaq, we must maintain certain financial and share distribution targets, including maintaining a minimum number of public stockholders, a minimum number of publicly held shares, a minimum market value of publicly held shares and a minimum bid price, in addition to meeting certain corporate governance requirements. We may not be able to maintain compliance with the requirements for continued listing of our common stock on Nasdaq. If our common stock is delisted and we are unable to list our common stock on another U. S. national securities exchange, we expect our securities would be quoted on an over-the-counter market. Any delisting from Nasdaq could result in significant material adverse consequences for our stockholders, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. Other consequences could include a loss of confidence by investors, customers, suppliers and employees, and an adverse effect on our ability to obtain financing to continue operations.~~ Our business and operations could be negatively affected by stockholder activism and securities litigation. Stockholder activism, which could take many forms or arise in a variety of situations, has become increasingly prevalent in recent years. Previously, a stockholder in the Company publicly expressed criticism regarding the Company's strategic direction, capital allocation priorities and corporate governance in connection with an attempt to nominate a director candidate at our 2023 annual meeting of stockholders. We could also face similar criticism from others, as well as criticism for risks associated with Parallel49 Equity's **controlling significant** ownership interest in the Company **and may be**. ~~We could become~~ more prone to stockholder activist demands **as in the event Parallel49 Equity's has reduced, and may continue to reduce** ~~reduce~~, its ownership in the Company. Additionally, we have in the past been subject to securities litigation following volatility in the price of our common stock, and may again be subject to securities litigation, including as a result of the volatility in the price of our common stock, related to stockholder activism, or otherwise. Stockholder activism, including potential proxy contests and advance stockholder proposals, and securities litigation could result in substantial costs and divert management's and our board of directors' attention and resources from our business. Additionally, stockholder activism or securities litigation could give rise to perceived uncertainties as to our future, adversely affect our relationships with customers and make it more difficult to attract and retain qualified personnel. These matters could also hinder the execution of our business and growth strategies or constrain our capital deployment opportunities. Further, the price of our common stock could be subject to significant fluctuation or otherwise be adversely affected. Any adverse determination in litigation could also subject us to significant liabilities. ~~We cannot guarantee that our share repurchase program will be fully implemented or that it will enhance long-term stockholder value. In November 2023, our board of directors approved a share repurchase program authorizing the repurchase of up to \$ 20 million of our~~

common stock through December 31, 2024. We are not obligated to repurchase a specified number or dollar value of shares on any particular timetable or at all. We may not repurchase stock at favorable prices. The share repurchase program could affect the price of our common stock, increase volatility, reduce the market liquidity for our shares and diminish our cash reserves. The repurchase program may be suspended or terminated at any time and, even if fully implemented, may not enhance long-term stockholder value. ~~32~~**Certain** ~~31~~**Certain** provisions of our organizational documents and other contractual provisions may make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial. Certain provisions of our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing changes in control if our board of directors determines that such changes in control are not in the best interests of us and our stockholders. The provisions in our amended and restated certificate of incorporation and bylaws include, among other things, the following: • the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval; • ~~following the time that the Tricor Funds and their affiliates cease to beneficially own a majority of our common stock,~~ stockholder action may only be taken at a special or regular meeting and not by written consent, and special meetings may only be called by a majority of the total number of directors that we would have if there were no vacancies on our board of directors; • advance notice procedures and information and disclosure requirements for nominating candidates to our board of directors or presenting matters at stockholder meetings; and • allowing only our board of directors to fill vacancies on our board of directors. -We have entered into a director nomination agreement (the “ Director Nomination Agreement ”) with the Tricor Funds that provides the Tricor Funds the right to designate nominees for election to our board of directors for so long as the Tricor Funds collectively beneficially own 5 % or more of the total number of shares of our common stock then outstanding. The number of nominees that the Tricor Funds are entitled to designate under the Director Nomination Agreement bears the same proportion to the total number of members of our board of directors as the number of shares of common stock beneficially owned by the Tricor Funds bears to the total number of shares of common stock outstanding, rounded up to the nearest whole number. In addition, the Tricor Funds are entitled to designate the replacement for any of its board designees whose board service terminates prior to the end of such designee’ s term regardless of the Tricor Funds’ beneficial ownership at such time. The Tricor Funds also have the right to have their designees participate on committees of our board of directors, subject to compliance with applicable law and stock exchange rules. The Director Nomination Agreement will terminate when the Tricor Funds collectively own less than 5 % of our outstanding common stock. We have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law, an anti- takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15 % or more of the corporation’ s voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we will not be subject to any anti- takeover effects of Section 203. However, our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that the Tricor Funds, their affiliates (including any investment funds managed by Tricor) and any person that becomes an interested stockholder as a result of a transfer of 5 % or more of our voting stock by the forgoing persons to such person are excluded from the “ interested stockholder ” definition in our certificate of incorporation and are therefore not subject to the restrictions set forth therein that have the same effect as Section 203. While these provisions have the effect of encouraging persons seeking to acquire control of the Company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of our stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. In addition, the potential issuance of preferred stock may delay or prevent a change in control of us or discourage bids for our common stock at a premium over the market price. It may also adversely affect the market price and the voting and other rights of the holders of our common stock as it could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. ~~32~~**33**~~General Risk Factors~~We are required to comply with complex laws and regulations in the United States and other countries and are exposed to business risks associated with our international business. We are subject to numerous evolving and complex laws and regulations which apply, among other things, to financial reporting standards, corporate governance, data privacy, tax, unclaimed property, trade regulations, environmental regulations and permit requirements, export controls, competitive practices, and labor and health and safety laws and regulations in each jurisdiction in which we operate. Though we currently have limited international operations, the expansion thereof in the future may increasingly expose us to risks associated with international business operations, including political instability (e. g., the threat of or actual war, terrorist attacks or civil unrest), inconsistent regulations across jurisdictions, unanticipated changes in the regulatory environment, and import and export restrictions. Any of these events may affect our employees, reputation, business or financial results as well as our ability to meet our objectives. We may not be in full compliance at all times with the laws and regulations to which we are subject and we may not have obtained the permits, authorizations or licenses that we need. Any failure to comply with applicable laws or regulations could result in fines or sanctions. In such a case, or if any of these international business risks were to materialize, there could be a material adverse effect on our business, financial condition and results of operations. Our business and financial results may be materially adversely affected by various legal and regulatory proceedings. We are subject to legal proceedings, lawsuits and other claims in the normal course of business and could become subject to additional claims in the future, some of which could be material. A future adverse ruling, settlement or unfavorable development could result in charges that could have a material adverse effect on our business, operating results or financial condition. In addition, litigation can be costly, and the expenses and damages arising

from any liability could harm our business. Furthermore, our insurance may not be adequate to cover claims against us or any liability that may be imposed on us. Item 1B. Unresolved Staff Comments None. Item 1C. Cybersecurity Cyber threat actors and the types of threats posed are becoming more sophisticated and effective and are increasingly targeting commercial companies. In an attempt to mitigate these cyber threats to our business, we take a comprehensive approach to cybersecurity risk management and make securing the data, customers and other stakeholders entrusted to us, a top priority. The board of directors and our management are actively involved in the oversight of our risk management program, which includes cybersecurity. We have established policies, standards, processes and practices for assessing, identifying and managing material risks from cybersecurity threats. There may be instances where our policies and procedures are not properly followed or where such policies and procedures prove to be ineffective. As of the date hereof, we are not aware of any material risk from cybersecurity threats that has materially affected the Company, including our business strategy, results of operations or financial condition. We can provide no assurance that there will not be incidents in the future or that such incidents will not materially affect us, including our business strategy, results of operations, or financial condition. For more information regarding risks related to system security risks, data protection breaches and cyber-attacks, see the risk factor entitled “System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, impair customer and vendor relationships, disrupt our internal operations, harm perception of our products and expose us to litigation and/or regulatory penalties, which could have a material adverse effect on our business and our reputation” included as part of our risk factor disclosures at Item 1A of this Annual Report on Form 10-K. Risk Management and Strategy Our policies and processes for assessing, identifying and managing material risks from cybersecurity threats are integrated into our overall risk management program and are based on the frameworks established by the National 34