

## Risk Factors Comparison 2025-01-14 to 2024-01-11 Form: 10-K

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

Risks Related to Our Industry and Business We operate in an emerging market, which make it difficult to evaluate our business and prospects. If markets for service robotics develop more slowly than we expect, or long- term end- customer adoption rates and demand are slower than we expect, our operating results and growth prospects could be harmed. While robots have been applied to applications like industrial manufacturing and domestic in- home cleaning, the concept of commercial service robots is relatively new and rapidly evolving, making our business and prospects difficult to evaluate. The growth and profitability of the service robotics market depends on the increasing level of demand and acceptance of collaborative robots that operate alongside employees. We cannot be certain that this will happen. If there is pushback against the adoption of robotics in everyday commercial applications, then this market may develop more slowly than we expect, which could adversely impact our operating results and our ability to grow the business. We operate in an emerging industry that is subject to rapid technological change and will experience increasing competition. Our product offerings compete in a broad competitive landscape that include incumbent actors, and emerging players in the service robotics space, particularly in the cleaning and indoor delivery automation. Our competitor base may develop new technologies or products that provide superior features or are less expensive than our products. Our competitors may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing, manufacturing and other resources than we do, or may be more successful in attracting potential customers, employees and strategic partners. If we are not able to compete effectively, our business, prospects, financial condition, and operating results will be negatively impacted. Our business plans require a significant amount of capital. Future capital needs may require us to sell additional equity or debt securities that may dilute its stockholders. While we are near profitability today, we intend to expand operations outside the United States and continue to invest in the research and development of our AI Cloud Platform. We anticipate that we will continue to incur expenses for the foreseeable future as we continue to advance our products and services, expand our corporate infrastructure, including the costs associated with being a public company and further our research and development initiatives for our products. We are subject to all of the risks typically related to the development of robotics, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We believe that our existing cash will fund our current operating plans through at least the next twelve months. We anticipate that we will need additional funding in connection with our continuing operations after twelve months. Until we can generate a sufficient amount of revenue from the commercialization of our products and services, if ever, we expect to finance our future cash needs through public or private equity or debt financings, third- party (including government) funding and marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. We have limited experience in operating our robots in a variety of environments. Unforeseen safety issues with our products could result in injuries to people which could result in adverse effects on our business and reputation. Our robots operate autonomously in environments, such as restaurants, hotels, casinos, and healthcare facilities, that are surrounded by various moving and stationary physical obstacles and by human and vehicles. Such environments are prone to collisions, unintended interactions and various other incidents, regardless of our technology. Therefore, there is a possibility that our robots may be involved in a collision with any number of such obstacles or even a human being. Our robots are equipped with advanced sensors that are designed to effectively prevent any such incidents and are intended to stop any motion at the detection of intervening objects. Nevertheless, real- life environments, especially those in crowded areas, are unpredictable and situations may arise in which our robots may not perform as intended. A highly publicized incident of our autonomous robots causing injuries to people could lead to negative publicity and subject us to lawsuits. Such lawsuits or adverse publicity would negatively affect our band and harm our business, prospects, financial condition and operating results. We currently have and target many customers, suppliers and production counterparties that are large corporations with substantial negotiating power, exacting product, quality and warranty standards and potentially competitive internal solutions. If we are unable to sell our products to these customers or are unable to enter into agreements with customers, suppliers and production counterparties on satisfactory terms, our prospects and results of operations will be adversely affected. Several of our customers and potential customers are large, multinational corporations with substantial negotiating power relative to us. These large, multinational corporations are also aware of competitor products and are actively engaging with competitors to determine which products they like better. Meeting the requirements and securing contracts with any of these companies will require a substantial investment of our time and resource. We cannot assure you that our products will be the one these companies will choose, or that we will generate meaningful revenue from the sales of our products to these key potential customers. If our products are not selected by these large corporations or if these corporations decide to go with a competitor, it will have an adverse effect on our business. We must successfully manage product introductions and transitions in order to remain competitive. We must continually develop new and improved robotic solutions that meet changing consumer demands. Moreover, the introduction of new products is a complex task involving significant expenditures in research and development, promotion and sales channel development, and management of existing inventories to reduce the cost associated with returns and slow moving inventory. We must introduce new robotic solutions in a timely and cost- effective manner, and we must secure production orders for those solutions from our contract manufacturers and component suppliers. The development of new robotic solutions is a highly complex process, and while we have a large number of product introductions coming, the successful development and introduction of new robotic solutions depends on a number of factors, including the following: ● the accuracy of our forecasts for market requirements

beyond near term visibility; ● our ability to anticipate and react to new technologies and evolving consumer trends; ● our development, licensing or acquisition of new technologies; ● our timely completion of new designs and development; ● the ability of our contract manufacturers to cost- effectively manufacture our new robotic solutions; ● the availability of materials and key components used in the manufacture of our new robotic solutions; and ● our ability to attract and retain world- class research and development personnel. If any of these or other factors becomes problematic, we may not be able to develop and introduce new robotic solutions in a timely or cost- effective manner, and our business may be harmed. Our international expansion plans, if implemented, will subject us to a variety of risks that may harm our business. We have limited experience managing the administrative aspects of a global organization. While we intend to continue to explore opportunities to expand our business in international service robotics markets in which we see compelling opportunities, we may not be able to create or maintain international market demand for our products. In addition, as we expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. We may also be subject to new statutory restrictions and risks. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and financial condition may be harmed. In the course of expanding our international operations and operating overseas, we will be subject to a variety of risks, including: ● differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, custom duties or other trade restrictions; ● greater difficulty supporting and localizing our products; ● challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, compensation and benefits and compliance programs; ● differing legal and court systems, including limited or unfavorable intellectual property protection; ● risk of change in international political or economic conditions; ● restrictions on the repatriation of earnings; and ● working capital constraints. We continue to implement strategic initiatives designed to grow our business. These initiatives may prove costlier than we currently anticipate and we may not succeed in increasing our revenue in an amount sufficient to offset the costs of these initiatives and to achieve and maintain profitability. We continue to make investments and implement initiatives designed to grow our business, including: ● investing in research and development; ● expanding our sales and marketing efforts to attract new customers across industries; ● investing in new applications and markets for our products; ● further enhancing our manufacturing processes and partnerships; and ● investing in legal, accounting, and other administrative functions necessary to support our operations as a public company. These initiatives may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue, if at all, in an amount sufficient to offset these higher expenses and to achieve and maintain profitability. The market opportunities we are pursuing are at an early stage of development, and it may be many years before the end markets we expect to serve generate significant demand for our products at scale, if at all. Our reputation and brand recognition is crucial to our business. Any harm to our reputation or failure to enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations. Our reputation and brand recognition, which depends on earning and maintaining the trust and confidence of our current or potential clients, is critical to our business. We strive to enhance our brand recognition, to attract new customers and to maintain existing customers by consistently delivering high quality products as well as superior customer experiences. Our reputation and brand are vulnerable to many threats that could be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by clients or other third parties, employee misconduct, perceptions of conflicts of interest and rumors, among other things, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. We may choose to or be compelled to undertake product recalls or take other similar actions, which could subject us to adverse publicity, damage our brand and expose us to financial liability. Moreover, any negative media publicity about our industry in general or product or service quality problems of other companies in our industry, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain customers and key employees could be harmed and, as a result, our business and revenues would be materially and adversely affected. We rely on third party manufacturers / suppliers and expect to continue to do so for the foreseeable future. This reliance on third parties increases the risk that we will not have sufficient quantities of our products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts. We rely, and expect to continue to rely, on third party manufacturers / suppliers. This reliance on third party manufacturers / suppliers increases the risk that we will not have sufficient quantities of our products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts. Additionally, we may be unable to establish or continue any agreements with third- party manufacturers / suppliers or to do so on acceptable terms. Even if we are able to establish agreements with third- party manufacturers / suppliers, reliance on third- party manufacturers / suppliers entails additional risks, including: ● failure of third- party manufacturers / suppliers to comply with regulatory requirements and maintain quality assurance; ● breach of the manufacturing / supply agreement by the third party; ● failure to manufacture / supply our product according to our specifications; ● failure to manufacture / supply our product according to our schedule or at all; ● misappropriation of our proprietary information, including our trade secrets and know- how; and ● termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us. If our current or future third- party manufacturers / suppliers cannot perform as agreed, we may be required to replace such manufacturers / suppliers and we may be unable to replace them on a timely basis or at all. Our current and anticipated future dependence upon third party manufacturers / suppliers may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis. Our products incorporate certain components from sole source suppliers, and if our contract manufacturers are unable to source these components on a timely basis, due to fabrication capacity issues or other material supply constraints, or if there are interruptions in our, or our contract manufacturers', relationships with these third- party suppliers, we may not be able to deliver our products to our distributors and customers, which may adversely impact our business. We depend on sole

source suppliers for certain components in our products, such as batteries and touchscreens. We have strategically chosen to sole source some of our supplies in order to ensure the best quality at the best prices. While we believe none of our sole source suppliers are irreplaceable and that our business is not substantially dependent on any one supplier, a small degree of risk may still exist in terms of cost and delay involved in switching to new suppliers. For example, these sole source suppliers could be constrained by fabrication capacity issues or material supply issues, stop producing such components, cease operations or be acquired by, or enter into exclusive arrangements with, our competitors or other companies. In many cases, we do not have long-term supply agreements with these suppliers. Instead, our contract manufacturers typically purchase the components required to manufacture our products on a purchase order basis. As a result, most of these suppliers can stop selling to us at any time, requiring us to find another source, or can raise their prices, which could impact our gross margins. Any such interruption or delay may force us to seek similar components from alternative sources, which may cause a delay in our product shipments. In the event we are unable to procure components from our current supplier, we may switch to a different supplier and our products can be redesigned to work with different components. Such redesign may involve engineering changes and time and effort, which may cause delays in shipment of our products and adversely affect our operating results. We plan to continue to diversify our suppliers and implement contingency plans in order to minimize any potential supply disruptions. Our reliance on sole source suppliers involves a number of additional risks, including risks related to: ● supplier capacity constraints; ● price increases; ● timely delivery; ● component quality; and ● delays in, or the inability to execute on, a supplier roadmap for components and technologies. We have a global supply chain and **global the COVID-19 pandemic pandemics, the military conflicts Russia's aggression in Ukraine and, the military conflict** in the Middle East and other macroeconomic factors may adversely affect our ability to source components in a timely or cost-effective manner from our third-party suppliers due to, among other things, work stoppages or interruptions. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. We have in the past experienced, and may in the future experience, component shortages and price fluctuations of key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption, or a material pricing change from suppliers of these components, we may not be able to develop alternate sources in a timely manner, or at all, especially in the case of sole or limited source items. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly and we may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to meet our requirements or to fill customer orders in a timely manner. Any interruption or delay in the supply of any parts or components, or the inability to obtain parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would adversely affect our ability to meet our scheduled product deliveries to our customers. This could adversely affect our relationships with our customers and partners and could cause delays in shipment of our products and adversely affect our operating results. Components used in our sensors may fail as a result of manufacturing, design or other defects over which we have no control and render our devices permanently inoperable. We rely on third-party component suppliers to provide certain functionalities needed for the operation and use of our devices. Any errors or defects in such third-party technology could result in errors in our sensors that could harm our business. If these components have a manufacturing, design or other defect, they can cause our sensors to fail and render them permanently inoperable. As a result, we may have to replace these sensors at our sole cost and expense. Should we have a widespread problem of this kind, our reputation in the market could be adversely affected and our replacement of these sensors would harm our business. Our robots are highly technical and could be vulnerable to hardware errors or software bugs, which may harm our reputation and our business. Bugs and errors could diminish performance, create security vulnerabilities, affect data quality in logs or interfere with interpretation of data, or even cause personal injury accidents. Some errors may only be detected under certain circumstances or after extended use. We update our software and firmware on a regular basis, in spite of extensive quality screening, if a bug were to occur in the process of an update, it could result in devices becoming permanently disabled or operate incorrectly. We offer a limited warranty on all products and any such defects discovered in our products could result in loss of revenue or delay in revenue recognition, loss of customer goodwill and increased service costs, any of which could harm our business, operating results and financial condition. We could also face claims for product or information liability, tort or breach of warranty. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention and adversely affect the market's perception of us and our devices. In addition, if our business liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business could be harmed. We may incur significant direct or indirect liabilities in connection with our product warranties which could adversely affect our business and operating results. We typically offer a limited product warranty that requires our products to conform to the applicable specifications and be free from defects in materials and workmanship for a limited warranty period. As a result of increased competition and changing standards in our target markets, we may be required to increase our warranty period length and the scope of our warranty. To be competitive, we may be required to implement these increases before we are able to determine the economic impact of an increase. Accordingly, we may be at risk that any such warranty increase could result in foreseeable and unforeseeable losses for the company. Our future success depends in part on recruiting and retaining key personnel and if we fail to do so, it may be more difficult for us to execute our business strategy. The economy is currently experiencing a labor shortage and we will need to hire additional qualified personnel to effectively implement our strategic plan, and if we are unable to attract and retain highly qualified employees, we may not be able to continue to grow our business. Our ability to compete and grow depends in large part on the efforts and talents of our employees. Our employees, particularly engineers and other product developers, are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. As competition with other companies increases, we may incur significant expenses in attracting and retaining high quality software and hardware engineers and other employees. The loss of employees or the inability to hire additional skilled employees as

necessary to support the growth of our business and the scale of our operations could result in significant disruptions to our business, and the integration of replacement personnel could be time-consuming and expensive and cause additional disruptions to our business. We believe a critical component to our success and our ability to retain our best people is our culture. As we continue to grow, we may find it difficult to maintain our entrepreneurial, execution-focused culture. Our insurance coverage strategy may not be adequate to protect us from all business risks. We have limited liability insurance coverage for our products and business operations. It is possible that an adverse product liability claim could arise in excess of our coverage. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. In addition, we do not have any business disruption insurance. Any business disruption event could result in substantial cost to us and diversion of our resources. Additionally, insurance rates have in the past been subject to wide fluctuation and may be unavailable on terms that we or our customers believe are economically acceptable. Reductions in coverage, changes in the insurance markets and accidents affecting our industry may result in further increases in our cost and higher deductibles and retentions in future years and may also result in reduced activity levels in certain markets. As a result, we may not be able to continue to obtain insurance on commercially reasonable terms. Any of these events could have an adverse impact on our business, financial condition and results of operations.

**Risks Related to Our Intellectual Property** If we fail to protect or enforce our intellectual property or proprietary rights, our business and operating results could be harmed. We currently own the rights to all of our intellectual property, including ~~the three seven approved patents and nine~~ pending patents. We regard the protection of our patents, trade secrets, copyrights, trademarks, trade dress, domain names and other intellectual property or proprietary rights as critical to our success. We strive to protect our intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. We seek to protect our confidential proprietary information, in part, by entering into confidentiality agreements and invention assignment agreements with all our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology. However, we cannot be certain that we have executed such agreements with all parties who may have helped to develop our intellectual property or who had access to our proprietary information, nor can we be certain that our agreements will not be breached. Any party with whom we have executed such an agreement could potentially breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. We cannot guarantee that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Detecting the disclosure or misappropriation of a trade secret and enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, time-consuming and could result in substantial costs and the outcome of such a claim is unpredictable. Further, the laws of certain foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property or proprietary rights both in the United States and abroad. If we are unable to prevent the disclosure of our trade secrets to third parties, or if our competitors independently develop any of our trade secrets, we may not be able to establish or maintain a competitive advantage in our market, which could harm our business. We have ~~7~~ **three approved technology patents and nine** technology patents pending and will in the future file patent applications on inventions that we deem to be innovative. Our ownership of the **patents and** pending patents are not subject to restrictions or any other arrangements with third parties. However, there is no guarantee that our patent applications will be issued as granted patents, that the scope of the protection gained will be sufficient or that an issued patent may subsequently be deemed invalid or unenforceable. Patent laws, and scope of coverage afforded by them, have recently been subject to significant changes, such as the change to “first-to-file” from “first-to-invent” resulting from the Leahy-Smith America Invents Act. This change in the determination of inventorship may result in inventors and companies having to file patent applications more frequently to preserve rights in their inventions, which may favor larger competitors that have the resources to file more patent applications. Another change to the patent laws may incentivize third parties to challenge any issued patent in the United States Patent and Trademark Office (the “USPTO”), as opposed to having to bring such an action in U. S. federal court. Any invalidation of a patent claim could have a significant impact on our ability to protect the innovations contained within our devices and could harm our business. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions to maintain patent applications and issued patents. We may fail to take the necessary actions and to pay the applicable fees to obtain or maintain our patents. Non-compliance with these requirements can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to use our technologies and enter the market earlier than would otherwise have been the case. We pursue the registration of our domain names, trademarks and service marks in the United States and in certain locations outside the United States. We are seeking to protect our trademarks, patents and domain names in an increasing number of jurisdictions, a process that is expensive and time-consuming and may not be successful or which we may not pursue in every location. Litigation may be necessary to enforce our intellectual property or proprietary rights, protect our trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect our business and operating results. If we fail to maintain, protect and enhance our intellectual property or proprietary rights, our business may be harmed. In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, designs, experiences, work flows, data, processes, software and know-how. We rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable or subject to copyright, trademark, trade dress or service mark protection, or that we believe is best protected by means that do not require public disclosure. We generally seek to protect this proprietary information by entering into confidentiality agreements, or consulting,

services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors and third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our current or future manufacturing partners and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, advisors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to its trade secrets. We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights. Under a certain number of our agreements, we are required to provide indemnification in the event our technology causes harm to third parties. In certain of our agreements, we indemnify our customers and manufacturing partners. We could incur significant expenses defending these partners if they are sued for patent infringement based on allegations related to our technology. In addition, if a partner were to lose a lawsuit and in turn seek indemnification from us, we could be subject to significant monetary liabilities. While such contracts typically give us multiple remedies for addressing instances of infringements, such remedies (e. g. product modification, purchase of licenses) could be expensive and difficult to administer. Risks Related to Compliance We may become subject to new or changing governmental regulations relating to the design, manufacturing, marketing, distribution, servicing, or use of its products, and a failure to comply with such regulations could lead to withdrawal or recall of our products from the market, delay our projected revenues, increase cost, or make our business unviable if it is unable to modify its products to comply. We may become subject to new or changing international, federal, state and local regulations, including laws relating to the design, manufacturing, marketing, distribution, servicing or use of its products. Such laws and regulations may require us to pause sales and modify its products, which could result in a material adverse effect on its revenues and financial condition. Such laws and regulations can also give rise to liability such as fines and penalties, property damage, bodily injury and cleanup costs. Capital and operating expenses needed to comply with laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations. Any failure to comply with such laws or regulations could lead to withdrawal or recall of our products from the market. We may become involved in legal and regulatory proceedings and commercial or contractual disputes, which could have an adverse effect on our profitability and financial position. We may be, from time to time, involved in litigation, regulatory proceedings and commercial or contractual disputes that may be significant. These matters may include, without limitation, disputes with our suppliers and customers, intellectual property claims, stockholder litigation, government investigations, class action lawsuits, personal injury claims, environmental issues, customs and Value Added Tax (VAT) disputes and employment and tax issues. In addition, we have in the past and could face in the future a variety of labor and employment claims against us, related to, but not limited to, general employment practices and wrongful acts. In such matters, private parties or other entities may seek to recover from us indeterminate amounts in penalties or monetary damages. These types of lawsuits could require significant management time and attention or could involve substantial legal liability, and / or substantial expenses to defend. Often these cases raise complex factual and legal issues and create risks and uncertainties. No assurances can be given that any proceedings and claims will not have a material adverse impact on our consolidated financial position or that our established reserves or our available insurance will mitigate this impact. We are subject to, and must remain in compliance with, numerous laws and governmental regulations across various jurisdictions concerning the manufacturing, use, distribution and sale of our products. We manufacture and sell products that contain electronic components, and such components may contain materials that are subject to government regulation in both the locations where we manufacture and assemble our products, as well as the locations where we sell our products. For example, certain regulations limit the use of lead in electronic components. Since we operate on a global basis, this is a complex process which requires continuous monitoring of regulations and an ongoing compliance process to ensure that we, and our suppliers, are in compliance with all existing regulations. If there is an unanticipated new regulation that significantly impacts our use of various components or requires more expensive components, that regulation could materially adversely affect our business, results of operations and financial condition. We are subject to U. S. and foreign anti-corruption and anti-money laundering laws and regulations. We can face criminal liability and other serious consequences for violations, which can harm our business. We are subject to the U. S. Foreign Corrupt Practices Act, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the Money Laundering Control Act 18 U. S. C. § § 1956 and 1957, and other anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors and other collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector, and require that we keep accurate books and records and maintain internal accounting controls designed to prevent any such actions. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. As we increase our international cross-border business and expand our operations abroad, we may continue to engage with business partners and third-party intermediaries to market our

services and to obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third- party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third- party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase. Detecting, investigating and resolving actual or alleged violations of anti- corruption laws can require a significant diversion of time, resources and attention from management. In addition, non- compliance with anti- corruption or anti- bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas are received or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, operating results and financial condition could be materially harmed. We are subject to governmental export controls and sanctions laws and regulations that could impair our ability to compete in international markets and subject us to liability if we are not in compliance with applicable laws. Changes to such laws and regulations, as well as changes to trade policy, import laws, and tariffs, may also have a material adverse effect on our business, financial condition and results of operations. Exports of our products are subject to export controls and sanctions laws and regulations imposed by the U. S. government and administered by the U. S. Departments of State, Commerce, and Treasury. U. S. export control laws may require a license or other authorization to export products to certain destinations and end users. In addition, U. S. economic sanctions laws include restrictions or prohibitions on engaging in any transactions or dealings, including receiving investment or financing from, or engaging in the sale or supply of products and services to, U. S. embargoed or sanctioned countries, governments, persons and entities. Obtaining export authorizations can be difficult, costly and time- consuming and we may not always be successful in obtaining such authorizations, and our failure to obtain required export approval for our products or limitations on our ability to export or sell our products imposed by export control or sanctions laws may harm our revenues and adversely affect our business, financial condition, and results of operations. Non- compliance with these laws could have negative consequences, including government investigations, penalties and reputational harm. Further, any changes in global political, regulatory and economic conditions, such as the military conflict involving Russia and Ukraine and the sanctions imposed by the United States, United Kingdom, European Union, and other jurisdictions on Russia in response to such conflict, or in laws and policies governing import / export control, economic sanctions, manufacturing, development and investment in the territories or countries where we currently purchase our components, sell our products, or conduct our business could result in the decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential end- customers. Any decreased use of our products or limitation on our ability to export or sell our products would adversely affect our business, results of operations and growth prospects. The United States has recently instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the United States, economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the United States and other countries where we conduct our business. A number of other nations have proposed or instituted similar measures directed at trade with the United States in response. As a result of these developments, there may be greater restrictions and economic disincentives on international trade that could adversely affect our business. It may be time- consuming and expensive for us to alter our business operations to adapt to or comply with any such changes, and any failure to do so could have a material adverse effect on our business, financial condition and results of operations. Failures, or perceived failures, to comply with privacy, data protection, and information security requirements in the variety of jurisdictions in which we operate may adversely impact our business, and such legal requirements are evolving, uncertain and may require improvements in, or changes to, our policies and operations. Our current and potential future operations and sales subject us to laws and regulations addressing privacy and the collection, use, storage, disclosure, transfer and protection of a variety of types of data. For example, the European Commission has adopted the General Data Protection Regulation and California enacted the California Consumer Privacy Act of 2018, both of which provide for potentially material penalties for non- compliance. These regimes may, among other things, impose data security requirements, disclosure requirements, and restrictions on data collection, uses, and sharing that may impact our operations and the development of our business. While, generally, we do not have access to, collect, store, process, or share information collected by our solutions unless our customers choose to proactively provide such information to us, our products may evolve both to address potential customer requirements or to add new features and functionality. Therefore, the full impact of these privacy regimes on our business is rapidly evolving across jurisdictions and remains uncertain at this time. We may also be affected by cyber- attacks and other means of gaining unauthorized access to its products, systems, and data. For instance, cyber criminals or insiders may target us or third- parties with which we have business relationships in an effort to obtain data, or in a manner that disrupts our operations or compromises our products or the systems into which our products are integrated. We are assessing the continually evolving privacy and data security regimes and measures we believe are appropriate in response. Since these data security regimes are evolving, uncertain and complex, especially for a global business like ours, we may need to update or enhance our compliance measures as our products, markets and customer demands further develop and these updates or enhancements may require implementation costs. The compliance measures we do adopt may prove ineffective. Any failure, or perceived failure, by us to comply with current and future regulatory or customer- driven privacy, data protection, and information security requirements, or to prevent or mitigate security breaches, cyber- attacks, or improper access to, use of, or disclosure of data, or any security issues or cyber- attacks affecting us, could result in significant liability, costs (including the costs of mitigation and recovery), and a material loss of revenue resulting from the adverse impact on our reputation and brand, loss of proprietary information and data, disruption to our

business and relationships, and diminished ability to retain or attract customers and business partners. Such events may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity, and could cause customers and business partners to lose trust in us, which could have an adverse effect on our reputation and business. If we fail to comply with the laws and regulations relating to the collection of sales tax and payment of income taxes in the various states in which we do business, we could be exposed to unexpected costs, expenses, penalties and fees as a result of our non-compliance, which could harm our business. By engaging in business activities in the United States, we become subject to various state laws and regulations, including requirements to collect sales tax from our sales within those states, and the payment of income taxes on revenue generated from activities in those states. A successful assertion by one or more states that we were required to collect sales or other taxes or to pay income taxes where we did not could result in substantial tax liabilities, fees and expenses, including substantial interest and penalty charges, which could harm our business. General Risks Associated with Our Company Our limited operating history and evolving business make it difficult to evaluate our current business and future prospects. Our limited operating history and the evolution of our business and our industry make it difficult to accurately assess our future prospects. It may not be possible to discern fully the economic and other business trends that we are subject to. Elements of our business strategy are new and subject to ongoing development as our operations mature. In addition, it may be difficult to evaluate our business because many of the other companies that offer the same or a similar range of solutions, products and services as us also have limited operating histories and evolving businesses. ~~The effects of the COVID-19 pandemic have had and could continue to have a material adverse effect on our business prospects, financial results, and results of operations. The COVID-19 pandemic has caused significant volatility and disruption globally. The COVID-19 measures adopted by governments and businesses, including restrictions on travel and business operations and shelter in place and other quarantine orders, have affected and continue to affect our business, and could continue to adversely affect our business operations or the business operations of our customers and suppliers in the future. A significant portion of our revenue is project driven and has thus been impacted by the COVID-19 pandemic as certain key airport, smart city, and security installations have been, and continue to be, pushed back. Further, the pandemic has slowed prototype work and new product introduction efforts due to employees' inability to access our facilities, and temporarily disrupted the operations of certain of our customers and suppliers. The duration of the ongoing COVID-19 pandemic and the associated and ongoing business interruptions may continue to affect our sales, supply chain or the manufacture or distribution of products, which could result in a material adverse effect on our business prospects and financial condition. Our response to the ongoing COVID-19 pandemic may prove to be inadequate. We may be unable to continue our operations in the manner that we did prior to the outbreak and we may endure interruptions, reputational harm, delays in product development and shipments, all of which could have an adverse effect on our business prospects, operating results, and financial condition. The COVID-19 pandemic may also intensify or exacerbate other risks described in these Risk Factors.~~ If we were to lose the services of members of our senior management team, we may not be able to execute our business strategy. Our success depends in large part upon the continued service of key members of our senior management team. In particular, each of our Chief Executive Officer and co-founder, Zhenwu Huang, Chief Financial Officer and co-founder, Zhenqiang Huang, and Chief Operations Officer, Phil Zheng, **President, Matt Casella**, is critical to our overall management, as well as the continued development of our robotics technology, our culture and our strategic direction. All of our executive officers are at will employees, and we do not maintain any key person life insurance policies. The loss of any member of our senior management team could harm our business. We may pursue acquisitions, which involve a number of risks, and if we are unable to address and resolve these risks successfully, such acquisitions could harm our business. We have acquired and may in the future acquire businesses, products or technologies to expand our offerings and capabilities and business. We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions. Any acquisition could be material to our financial condition and results of operations and any anticipated benefits from an acquisition may never materialize. In addition, the process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures. Acquisitions in international markets would involve additional risks, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. We may not be able to address these risks successfully, or at all, without incurring significant costs, delays or other operational problems and if we were unable to address such risks successfully our business could be harmed. Our ability to effectively manage our anticipated growth and expansion of our operations will also require us to enhance our operational, financial and management controls and infrastructure, human resources policies and reporting systems. These enhancements and improvements will require significant capital expenditures and allocation of valuable management and employee resources. We expect to experience significant growth in the scope and nature of our operations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have an adverse effect on our business, reputation and financial results. Additionally, rapid growth in our business may place a strain on our human and capital resources. Furthermore, we expect to continue to conduct our business internationally and anticipate increased business operations in the United States, Europe, Asia and elsewhere. These diversified, global operations place increased demands on our limited resources and require us to substantially expand the capabilities of our administrative and operational resources and to attract, train, manage and retain qualified management, technical, manufacturing, engineering, sales and other personnel. As our operations expand domestically and internationally, we will need to continue to manage multiple locations and additional relationships with various customers, partners, suppliers and other third parties across several markets. We are an "emerging growth company," and will be able take advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make our Class B common stock less attractive to investors. We are an "emerging growth company," as defined in the JOBS Act and, for as long as we continue to be an "

emerging growth company,” we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$ 1. 235 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b- 2 under the Exchange Act, which would occur if the market value of our Class B common stock that is held by non- affiliates exceeds \$ 700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$ 1 billion in non- convertible debt during the preceding three year period. We intend to take advantage of these reporting exemptions described above until we are no longer an “emerging growth company.” Under the JOBS Act, “emerging growth companies” can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests. We cannot predict if investors will find our Class B common stock less attractive if we choose to rely on these exemptions. If some investors find our Class B common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class B common stock and the price of our Class B common stock may be more volatile. We are a “controlled company” within the meaning of the Nasdaq Stock Market Rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies. We are a “controlled company” as defined under the Nasdaq Stock Market Rules, as our co- founder and Chief Executive Officer, Zhenwu (Wayne) Huang, beneficially owns over 50 % of the total voting power of our issued and outstanding shares of common stock as of the date of this Report. For so long as we remain a “controlled company” under that definition, we are permitted to elect to rely on, and may rely on, certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. As a result, you may not have the same protection afforded to stockholders of companies that are subject to these corporate governance requirements. We have identified a material weakness in our internal control over financial reporting as of September 30, 2023. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results. We have identified a material weakness in our internal controls over financial reporting as of September 30, 2023 relating to the inadequate design and maintenance of effective general information technology controls over third- party information systems and applications that are relevant to the preparation of the Company’s financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. Measures to remediate material weaknesses may be time- consuming and costly and there is no assurance that such initiatives will ultimately have the intended effects. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results. If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and adversely affect our business and operating results. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses. We will incur significantly increased costs as a result of and devote substantial management time to operating as a public company. As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act and are required to comply with the applicable requirements of the Sarbanes- Oxley Act and the Dodd- Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, including the establishment and maintenance of effective disclosure and financial controls, changes in corporate governance practices and required filing of annual, quarterly and current reports with respect to our business and operating results. These requirements have increased our legal and financial compliance costs and make some activities more time- consuming and costly. In addition, our management and other personnel need to divert attention from operational and other business matters to devote substantial time to these public company requirements. We may also need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and will need to maintain an internal audit function. Operating as a public company means it is more expensive for us to maintain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain coverage. This could also make it more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers. In addition, after we no longer qualify as an “emerging growth company,” as defined under the JOBS ACT we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act. We are in the process of compiling the system and processing documentation needed to comply with such requirements. We may not be able to complete our evaluation, testing

and any required remediation in a timely fashion. We cannot predict or estimate the amount of additional costs we may incur as a result of continuing to be a public company or the timing of such costs. Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, global pandemics, and interruptions by man-made problems, such as network security breaches, computer viruses or terrorism. Material disruptions of our business or information systems resulting from these events could adversely affect our operating results. We and some of the third-party service providers on which we depend for various support functions are vulnerable to damage from catastrophic events, such as power loss, natural disasters, terrorism, pandemics, and similar unforeseen events beyond our control. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, damaged critical infrastructure, or otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place are unlikely to provide adequate protection in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. Furthermore, integral parties in our supply chain are operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events, such as a global the COVID-19 pandemic. If such an event were to affect our supply chain, it could have a material adverse effect on our business. Our ability to use our net operating loss carryforwards may be limited. As of September 30, 2023-2024, we had ~~no~~ **\$ 6,780 thousand** U. S. federal ~~or state~~ net operating loss carryforwards. Under legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act (the "TCJA") as modified in 2020 by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), unused U. S. federal net operating losses generated in tax years beginning after December 31, 2017, will not expire and may be carried forward indefinitely, but the deductibility of such federal net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80 % of taxable income. It is uncertain if and to what extent various states will conform to the TCJA or the CARES Act. ~~Our~~ **In addition, our** ability to utilize any federal net operating ~~loss~~ carryforwards may be limited under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). The limitations apply if we experience an "ownership change," which is generally defined as a greater than 50 percentage point change (by value) in the ownership of our equity by certain stockholders or groups of stockholders over a rolling three-year period. Similar provisions of state tax law may also apply to limit the use of any state net operating loss carryforwards. We have not yet completed a Section 382 analysis, and therefore, there can be no assurances that any previously experienced ownership changes have not materially limited our utilization of affected net operating loss carryforwards. Future changes in our stock ownership, which may be outside of our control, may trigger an ownership change that materially impacts our ability to utilize any pre-change net operating loss carryforwards. In addition, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited. Our management has limited experience in operating a public company. ~~Our~~ **Some of our** executive officers have limited experience in the management of a publicly traded company subject to significant regulatory oversight and reporting obligations under federal securities laws. Our management team may not successfully or effectively manage our transition to a public company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to our management and growth. We may not be able to maintain adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the United States. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods. Risks Related to Ownership of Our Class B Common Stock An active trading market for our Class B common stock may not develop or be sustained. If an active trading market for our Class B common stock does not develop, you may not be able to sell your shares quickly or at the market price. Our ability to raise capital to continue to fund operations by selling shares of our Class B common stock and our ability to acquire other companies or technologies by using shares of our Class B common stock as consideration may also be impaired. The **market price and trading price-volume** of our Class B common stock may **continue to be highly** volatile, **which and you could lead to a loss-loss of** all or part of **your-a stockholder's** investment. The **market price and trading price-volume** of our Class B common stock **has fluctuated widely since the beginning** following our initial public offering is likely to be volatile and could be subject to fluctuations in response to various factors, some of **the calendar year** which are beyond our control. These fluctuations could cause you **During the period from January 1, 2024 to the date** lose all or part of your investment in **this Report, the trading price of** our Class B common stock **as has fluctuated from an intra-day high of \$ 12** you might be unable to sell your shares at or above the price you paid for them. Factors that could cause fluctuations in the trading **29 on January 24, 2024 to an intra-day low of \$ 0.30 on August 6, 2024. The market price** of our Class B common stock **is affected by a variety of factors, include including the following but not limited to:** • **analyst reports that may be published about our company or our industry price and volume fluctuations in the overall stock market from time to time;** • **volatility in the trading prices-our ability to execute our anticipated business plans** and trading volumes of transportation stocks **strategy;** • **actual or anticipated fluctuations in our quarterly or annual operating results;** • **our ability to obtain additional capital which will be necessary to continue our business and operations;** • changes in **financial or operating-operational estimates or projections;** • **changes in the economic performance or** and stock market valuations of other transportation companies **similar to** generally, or those in our **ours** industry in particular; • **sales the impact** of shares **pandemics, inflation, war, other hostilities and other disruptive events on our business or that of our customers, partners, and supply chain or on the global economy; and** • **our ability to comply with the continued listing requirements of The Nasdaq Stock Market LLC ("Nasdaq") and maintain our listing on Nasdaq. In addition, the trading price and trading volume** of our Class B common stock **has very recently and at certain** by us or our stockholders; • **failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our**

Company, or our failure to meet these estimates or the expectations of investors; ● the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections; ● announcements by us or our competitors of new products, features, or services; ● the public's reaction to our press releases, other **times in** public announcements and filings with the SEC; ● rumors and market speculation involving us or other **the past exhibited** companies in our industry; ● actual or anticipated changes in our results of operations or fluctuations in our results of operations; ● actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally; ● litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors; ● developments or disputes concerning our intellectual property or other proprietary rights; ● announced or completed acquisitions of businesses, products, services or technologies by us or our competitors; ● new laws or regulations or new interpretations of existing laws or regulations applicable to our business; ● changes in accounting standards, policies, guidelines, interpretations or principles; ● any significant change in our management; and **may continue to exhibit** ● general economic conditions and slow or negative growth of our markets. In recent years, the stock markets generally have experienced extreme **volatility, including within a single trading day** price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. **Such volatility could cause purchasers** Broad market and industry factors may significantly affect the market price of our Class B common stock **to incur substantial losses**, regardless of our actual operating performance. These fluctuations may be even more pronounced in **For example, on July 22, 2024, the trading market for price of our Class B common stock shortly following our initial public offering ranged from an intra- day high of \$ 2. You may 59 to an intra- day low of \$ 1.31, on trading volume of approximately 100 million shares, and on August 7, 2024, the trading price of our Class B common stock ranged from an intra- day high of \$ 0.728 to an intra- day low of \$ 0.5413, on trading volume of approximately 188 million shares. With respect to certain such instances of trading volatility, we are not realize-aware of any return-material changes in our financial condition or results of operations that would explain such price volatility or trading volume, which we believe reflect market and trading dynamics unrelated to our operating business or prospects and outside of our control. We are thus unable to predict when such instances of trading volatility will occur or how long such dynamics may last. Under these circumstances, we would caution you against investing in our Class B common stock unless you are prepared to incur the risk of incurring substantial losses. A proportion of our Class B common stock may be traded by short sellers which may put pressure on the supply and demand for your- our Class B common stock, creating further price volatility investment in us and may lose some or all of your investment. In addition particular, a possible "short squeeze" due to a sudden increase in demand the past, following periods of our Class B common stock that largely exceeds supply may lead to sudden extreme price volatility in our Class B common stock. Investors may purchase our Class B common stock to hedge existing exposure in our Class B common stock or to speculate on the overall price of our Class B common stock. Speculation on the price of our Class B common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of common stock available for purchase in the open market and, investors with short exposure may have to pay a premium to repurchase our Class B common stock for delivery to lenders of our Class B common stock. Those repurchases may in turn dramatically increase the market price of our Class B common stock until investors with short exposure are able to purchase additional common stock to cover their short position. This is often referred to as a particular "short squeeze." Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our Class B common stock may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and 's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in-cause purchasers of our common shares to incur substantial losses costs and a diversion of our management's attention and resources. The dual- class structure of our common stock has the effect of concentrating voting power, which may limit your ability to influence the outcome of important transactions, including a change in control. Our Class B common stock has one (1) vote per share, and our Class A common stock has ten (10) votes per share. Our issued and outstanding share capital consists- consisted of 44 39, 353 934, 846 shares of Class A common stock and 72, 17 117, 398 855, 563 shares of Class B common stock as of January 10, 2025. Our Chief Executive Officer and co- founder, Zhenwu Huang, and our Chief Financial Officer and co- founder, Zhenqiang Huang, beneficially own an aggregate of approximately 82 81. 79 02 % of the voting power of our outstanding shares of common stock as of September 30, 2024 the date of this Report, and as such, these stockholders, individually or together, may be able to significantly influence matters submitted to our stockholders for approval, including the election of directors, amendments of our articles of incorporation, as amended, and any merger or other major corporate transactions that require stockholder approval. See "Principal Stockholders." Our existing stockholders, including Zhenwu Huang and Zhenqiang Huang, individually or together, may vote in a way with which you disagree and which may be adverse to your interests. This concentrated voting power may, by changing the directors of the Company, have the ultimate effect of delaying, preventing or deterring a change in control of our Company, could deprive our stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of our company and might ultimately materially and adversely affect the market price of our Class B common stock. Future transfers by the holders of shares of Class A common stock may result in those shares converting into shares of Class B common stock. Each share of Class A common stock is convertible into one share of Class B common stock at any time at the option of the holder, but Class B common stock shall not be convertible into Class A common stock under any circumstances. However, as long as at least 1 7, 785 211, 557 740 shares of Class A common stock remain outstanding, and without giving effect to any future issuances, the holders of our Class A common stock will hold a majority of the outstanding voting power and will continue to control the outcome of matters submitted to stockholders' approval. Our second amended and restated articles of incorporation will generally not prohibit us from issuing additional shares of Class A common stock, and any future issuance of shares of Class A common stock may be**

dilutive to holders of Class B common stock. The dual-class structure of our common stock may adversely affect the trading market for our Class B common stock. We cannot predict whether our dual-class structure will result in a lower or more volatile market price of our Class B common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on companies with dual-class or multi-class share structures in their indices. In July 2017, S & P Dow Jones and FTSE Russell announced changes to their eligibility criteria for the inclusion of shares of public companies on certain indices, including the Russell 2000, the S & P 500, the S & P MidCap 400 and the S & P SmallCap 600, to exclude companies with multiple classes of shares from being added to these indices. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. As a result, our dual class capital structure would make us ineligible for inclusion in any of these indices, and mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our Class B common stock. These policies are still relatively new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Furthermore, we cannot assure you that other stock indices will not take a similar approach to S & P Dow Jones or FTSE Russell in the future. Exclusion from indices could make our Class B common stock less attractive to investors and, as a result, the market price of our Class B common stock could be adversely affected. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline. The trading market for our Class B common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If no securities or industry analysts cover our company, the trading price for our stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. Future sales of our Class B common stock or securities convertible into our Class B common stock may depress our stock price. Sales of a substantial number of shares of our Class B common stock or securities convertible into our Class B common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class B common stock. **For example** We have 19,913,000 outstanding shares of Class B common stock that may be sold after the expiration of lock-up agreements at least 180 days following the closing of the offering of the shares, unless such shares are held by an affiliate of ours, as more fully described in our Registration Statement on Form S-1 (File Nos 333-269470 and 333-275612), filed with the Securities and Exchange Commission (“SEC”) in connection with our initial public offering (“IPO Prospectus”), in the section entitled “Shares Eligible for Future Sale.” Moreover, we have registered **an aggregate of 14,311,215** shares of Class B common stock issuable under our **Amended and Restated** 2023 Stock Option Plan on a Registration Statement on Form S-8, filed **with** the SEC on December 11, **2023, as amended by Post-Effective Amendment No. 1 to Form S-8, filed with the SEC on November 7, 2023,** and such shares can be freely sold in the public market upon issuance, **subject (unless issued to the lock-up agreements described above and an in-affiliate of the IPO Prospectus Company).** If a large number of shares of our Class B common stock or securities convertible into our Class B common stock are sold in the public market after they become eligible for sale, the sales could reduce the trading price of our Class B common stock and impede our ability to raise future capital. **Our failure There can be no assurance that we will continue to meet be able to comply with the continued listing requirements standards of Nasdaq could result in a. Our continued eligibility to maintain the delisting-- listing of our Class B common stock on. If we fail to satisfy the continued listing requirements of Nasdaq depends on a number of factors, including such as the corporate governance requirements or the minimum closing bid price of requirement, Nasdaq may take steps to delist our Class B common stock. On October 25, 2024, Such a delisting would likely have a negative effect on the Company received a notice from Nasdaq notifying the Company that, because the closing bid price of our for the Company’s Class B common stock and would impair your ability to sell had fallen below \$ 1.00 per share or for purchase our 30 consecutive business days, the Company no longer complies with the minimum bid price requirement for continued listing on the Nasdaq Capital Market under Rule 5550 (a) (2) of Nasdaq Listing Rules. Nasdaq’s notice had no immediate effect on the listing of the Company’s Class B common stock on when you wish to do so. In the event of a Nasdaq Capital Market. Pursuant to Nasdaq delisting Listing Rule 5810 (c) (3) (A), we can the Company was provide provided no assurance that any an action taken by us initial compliance period of 180 calendar days, or until April 23, 2025, to restore regain compliance with listing the minimum bid price requirements requirement would allow our. To regain compliance, the closing bid price of the Company’s Class B common stock must meet or exceed \$ 1.00 per share for a minimum of 10 consecutive business days prior to become April 23, 2025. On January 6, 2024, the Company received a notice from Nasdaq that the Company has regained compliance with the minimum bid price requirement and the matter is closed. However, there is no guarantee that the Company will be able to remain in compliance with the continued listing standards of Nasdaq. If Nasdaq delists our securities from trading on its exchange for failure to meet its listing standards, and we are not able to listed-- list again such securities on another national securities exchange, stabilize the then our Common Stock could be quoted on an over-the-counter market price. If this were to occur, we and or our improve the stockholders could face significant material adverse consequences, including: • a limited availability of market quotations for our securities; • reduced liquidity of for our securities; • a determination that our Class B common stock is a “penny stock, prevent” which will require brokers trading our Class B common stock from dropping below to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading**

**market Nasdaq minimum bid price requirement or for prevent shares of our Class B common stock; • a limited amount of news and analyst coverage; and • a decreased ability for us to issue additional securities or obtain additional financing in the future non-compliance with Nasdaq's listing requirements.** Our directors, executive officers and principal stockholders have substantial control over us and could delay or prevent a change of corporate control. Our directors, executive officers and holders of more than 5 % of our Class B common stock, together with their affiliates, beneficially own, in the aggregate, approximately **94-81.52-35** % of our outstanding common stock **as of January 10, 2025**. As a result, these stockholders, acting together, have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership could harm the market price of our Class B common stock by: • delaying, deferring or preventing a change of control of us; • impeding a merger, consolidation, takeover or other business combination involving us; or • discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. See “ Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters ” below for more information regarding the ownership of our outstanding stock by our executive officers, directors and holders of more than 5 % of our Class B common stock, together with their affiliates. Anti- takeover provisions contained in our second amended and restated articles of incorporation and **second amended and restated** bylaws, as well as provisions of Nevada law, could impair a takeover attempt. Our second amended and restated articles of incorporation, **second amended and restated** bylaws and Nevada law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions: • classifying our board of directors into three classes; • authorizing “ blank check ” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our Class B common stock; • limiting the liability of, and providing indemnification to, our directors and officers; • limiting the ability of our stockholders to call and bring business before special meetings; • requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; • controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and • providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. Nevada law, Nevada Revised Statutes (“ NRS ”) Sections 78. 411 through 78. 444, regulate business combinations with interested stockholders. Nevada law defines an interested stockholder as a beneficial owner (directly or indirectly) of 10 % or more of the voting power of the outstanding shares of the corporation. Pursuant to Sections NRS 78. 411 through 78. 444, combinations with an interested stockholder remain prohibited for three years after the person became an interested stockholder unless (i) the transaction is approved by the board of directors or the holders of a majority of the outstanding shares not beneficially owned by the interested party, or (ii) the interested stockholder satisfies certain fair value requirements. NRS 78. 434 permits a Nevada corporation to opt- out of the statute with appropriate provisions in its articles of incorporation. NRS Sections 78. 378 through 78. 3793 regulates the acquisition of a controlling interest in an issuing corporation. An issuing corporation is defined as a Nevada corporation with 200 or more stockholders of record, of which at least 100 stockholders have addresses of record in Nevada and does business in Nevada directly or through an affiliated corporation. NRS Section 78. 379 provides that an acquiring person and those acting in association with an acquiring person obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of the stockholders. Stockholders who vote against the voting rights have dissenters’ rights in the event that the stockholders approve voting rights. NRS Section 78. 378 provides that a Nevada corporation’ s articles of incorporation or bylaws may provide that these sections do not apply to the corporation. Our second amended and restated articles of incorporation provide that these sections do not apply. We have never paid dividends on our capital stock, and we may not pay any dividends in the foreseeable future. We have never declared nor paid cash dividends on our capital stock. We may pay dividends in the future if the Company realizes good profits and the board of directors determines that dividends are advisable, taking into account the Company’ s financial and development needs. However, it is also possible that we may retain any future earnings to finance the operation and expansion of our business, and we may not declare or pay any dividends in the foreseeable future. Consequently, stockholders may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.