Risk Factors Comparison 2024-03-15 to 2023-03-23 Form: 10-K

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

Risks Related to our Business If third- party payors do not provide coverage and adequate reimbursement for the use of our products, it is unlikely that our products will be widely used, and our revenue will be negatively impacted. In the U. S., the commercial success of Sensus' s existing products and any future products will depend, in part, on the extent to which governmental payors at the federal and state levels, including Medicare and Medicaid, private health insurers, and other third- party payors provide coverage for and establish adequate reimbursement levels for procedures using these products. Neither hospitals nor physicians are likely to use Sensus' s products if they do not receive adequate reimbursement payments for the procedures using these products. Some private payors in the U. S. may base their reimbursement policies on the coverage decisions determined by the Center for Medicare & Medical Services, or CMS, which administers the Medicare program and works in partnership with state governments to administer the Medicaid program. Others may adopt different coverage or reimbursement policies for procedures performed using Sensus' s products, while some governmental programs, such as Medicaid, have reimbursement policies that vary from state to state, some of which may not pay an amount that supports the selling price of Sensus' s products, if at all. A Medicare national or local coverage decision denying coverage for any of the procedures performed using the Company' s products could result in private and other third- party payors also denying coverage. Medicare (Part B) and a number of private insurers in the U. S. currently cover and pay for both non- melanoma skin cancer and keloid treatments using the SRT- 100. A withdrawal, or even contemplation of a withdrawal, by CMS, Medicaid or private payors of reimbursements, or any other unfavorable coverage or reimbursement decisions by government programs or private payors, could have a material adverse effect on the Company' s revenues and business. Reimbursement systems in international markets vary significantly by country and by region within some countries, and reimbursement approvals must be obtained on a country- by- country basis. In many international markets, a product must be approved for reimbursement before it can be cleared for sale in that country. Further, many international markets have government- managed healthcare systems that control reimbursement for new devices and procedures. In most markets there are private insurance systems as well as government- managed systems. Sensus' s products may not be considered cost- effective by international third- party payors or governments managing healthcare systems. Furthermore, reimbursement may not be available or, if available, third- party payors' reimbursement policies may adversely affect the Company' s ability to sell products profitably. If sufficient coverage and reimbursement are not available for Sensus' s products, in either the U. S. or internationally, the demand for these products and, consequently, the Company' s revenues and business, will be adversely affected. The Company' s operations may be...... direct costs associated with incident response. Substantially all of the Company' s revenue is generated from the sale of the SRT- 100 and related products, and any decline in the sales of these products will negatively impact the Company' s business, financial condition, and results of operations. The Company is focused heavily on the development and commercialization of a limited number of products for the treatment of non- melanoma skin cancer and other skin conditions with SRT. From the Company' s inception in 2010 through December 31, ~~2022~~ **2023** , revenue has primarily been derived from sales of the SRT- 100 product line and related services and ancillary products. Although the Company has introduced new products, the Company expects most of revenue in the near to medium term to be derived from or related to sales of the SRT- 100 product line. Because of this, any decline in the sales of these products will negatively impact the Company' s business, financial condition, and results of operations. The Company' s technology could be superseded by new products, treatments, or technologies that gain wider acceptance among doctors and patients, which could adversely affect the Company. The medical device industry is highly competitive and subject to rapid technological change, and is significantly affected by the introduction of new products and treatment options. The Company' s products, some of which use technologies that have been available for many years, compete for market acceptance against those of healthcare providers who use other methods of treatment for similar diseases and conditions. If new products, treatments, and / or technologies were developed that gain wide acceptance among doctors and patients, **including products or treatments developed by our significant customers,** it could take market share away from the Company, which could adversely affect the Company' s ability to maintain or increase revenue and / or render the Company' s products obsolete. The Company **' s customers, including one U. S. customer accounting for a significant portion of our sales, are concentrated in the U. S., and economic difficulties or changes in the purchasing policies or patterns of the Company' s customers in the U. S. could have a significant impact on our business and operating results. Most of the Company' s sales have been made to customers located in the U. S. (91 % and 94 % in the years ended December 31, 2023 and 2022, respectively). Additionally, a single customer in the U. S. accounted for approximately 61 % and 73 % of revenues for the years ended December 31, 2023, and December 31, 2022, respectively. Because of these concentrations, revenue could fluctuate significantly due to changes in economic conditions, competitive products (including any developed by our significant customers), or the loss of, reduction of business with, or less favorable terms with, our significant customer or other U. S. customers. A reduction or delay in orders for the Company' s products for these or other reasons could materially harm business and results of operations. The Company** has a single preferred supplier for the x- ray tubes and other major components used in the Company' s products and the loss of this preferred supplier could adversely affect the Company. The Company has a single preferred supplier for the x- ray tubes and other major components used in the Company' s products. Although other suppliers exist in the market, the Company believes that our preferred supplier' s products are of a superior quality. The loss of the preferred supplier, or its inability to supply the Company with an adequate supply of these components, could hinder the Company' s ability to effectively produce the Company' s products to meet existing demand levels, especially if the Company were unable to timely procure them from other suppliers in the market, which could adversely affect the Company' s ability to commercialize products and to maintain or increase revenues. The Company' s **operations** may be impaired if our information technology systems fail to perform adequately or are the subject of a data breach or cyberattack.The Company' s information technology systems are critically important to operating business efficiently.The Company relies on information technology systems to manage business data,communications,employee information,and other business processes.The Company outsources certain business process functions to third- party providers and similarly relies on these third parties to maintain and store confidential information on their systems.The failure of these information technology systems to perform as the Company anticipates could disrupt business and could result in transaction errors,processing inefficiencies,and the loss of sales and ~~customers~~ customers ~~are concentrated in the U~~ **, causing business and results of operations to suffer** . ~~S~~ **The Company has experienced, and expects to continue to experience, cyber security threats and incidents, none of which has been material to the Company to date** . ~~(~~ **Although the Company protects our information technology systems, the Company has experienced varying degrees of cyber- incidents in the normal conduct of business,** including ~~one U~~ **viruses, worms, phishing, and other malicious activities** . ~~S.~~ **Although there have been no serious consequences to date, such breaches could result in unauthorized access to information, including** customer ~~accounting~~ **, supplier, employee,** ~~for~~ - **or** ~~a significant portion~~ **other company confidential data. The Company carries insurance against these risks, performs penetration tests from time to time, and designs business processes to attempt to mitigate the risk** of **such breaches. However, the Company' s efforts to mitigate these risks may be unsuccessful, and security breaches may** ~~our~~ **occur** ~~sales)~~ **. Moreover** , **the development** and ~~economic difficulties or~~ **maintenance of these measures requires continuous monitoring as technologies** ~~changes~~ - **change and efforts to overcome security measures evolve** ~~in the purchasing policies or patterns of the Company' s customers in the U~~ . ~~S.~~ **However, a successful breach or attack** could have a ~~significant~~ **material negative** impact on ~~our business and operating~~ **operations** ~~results. Most of the Company' s sales have been made to customers located in the U. S. (94 %~~ and **subject** ~~95 % in the years ended December 31, 2022 and 2021, respectively). Additionally, a single customer in the U. S. accounted for approximately 73 % and 57 % of revenues for the years ended December 31, 2022, and December 31, 2021, respectively. Because of these~~ -- **the Company** ~~concentrations, revenue could fluctuate significantly due~~ to **consequences such as direct costs associated** ~~changes in economic conditions, competitive products, or the loss of, reduction of business~~ with **incident** ~~, or less favorable terms with, our significant customer or other U. S. customers. A reduction or delay in orders for the Company' s products for these or other reasons~~ - **response** ~~could materially harm business and results of operations~~ . Sensus may be required to obtain additional funds in the future, and these funds may not be available on acceptable terms or at all. Sensus' s operations have consumed substantial amounts of cash since its inception **.** ~~, and~~ Sensus may need to seek additional capital ~~in the future. We have maintained a~~ **, as our existing financial resources including our** revolving line of credit ~~with Silicon Valley Bank~~ (~~" SVB "~~ **which restricts the ability to incur certain indebtedness or permit certain encumbrances on assets without the prior written consent of the lender**) ~~since 2013. Although we have never borrowed any funds under this line of credit~~ , **may not allow us to conduct all** ~~we have maintained it as our sole source~~ of ~~borrowings, should they~~ - **the activities that would** be ~~needed~~ **beneficial for future growth** . **If Sensus** ~~On March 10, 2023, SVB was closed by California and federal regulatory agencies. As a result of these actions, the Federal Deposit Insurance Corporation (FDIC) established Silicon Valley Bridge Bank, N. A. (the " Bridge Bank ") as successor to SVB. Based upon information available to us, we believe that the Bridge Bank has assumed all contracts of SVB in effect at the time of its failure (including our line of credit) and, that the Bridge Bank~~ is ~~expected to continue to perform under those contracts. Accordingly, we have not yet determined whether we will seek to replace the current line of credit with the Bridge Bank. Should we do so, we may not be able to enter into new credit facilities, and if we are able to enter into new credit facilities, the maximum borrowings permitted under, or other terms of, any such facilities may limit the amounts we are able to borrow or may impose greater restrictions on such borrowings or other aspects of our operations. Please see Note 5, Debt, to the consolidated financial statements for additional information regarding current line of credit with the Bridge Bank. If we are~~ unable to ~~borrow~~ **raise** funds on favorable terms, or at all, ~~we~~ **it** may not be able to support commercialization efforts, increase research and development activities, compete effectively, or meet debt and other contractual obligations, and the growth of our business may be negatively impacted. The Company' s cash requirements in the future may be significantly different from current estimates and depend on many factors, including: ● the results of commercialization efforts for products; ● the need for additional capital to fund development programs; ● the costs involved in obtaining and enforcing patents or any litigation by third parties regarding intellectual property; ● the establishment of high- volume manufacturing and increased sales, marketing, and distribution capabilities; **and** ● success in entering into collaborative relationships with other parties ~~; and ● financial market instability or disruptions to the banking system due to bank failures, particularly in light of the recent events that have occurred with respect to SVB~~ . To the extent that Sensus raises additional capital through the sale of equity or convertible debt securities, the ownership interests of the existing stockholders will be diluted. Moreover, the terms of newly issued securities may include liquidation or other preferences that adversely affect common stockholders' rights. Debt financing, if available, may involve covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures, or declaring distributions or dividends. If Sensus raises additional funds through collaboration and licensing arrangements with third parties, the Company may have to relinquish valuable rights to technologies or products or to grant licenses on terms that are not favorable. Any of these events could adversely affect Sensus' s ability to declare dividends on its common stock and to achieve future product development and commercialization goals and could have a material adverse effect on our business, financial condition, and results of operations. Consolidation in the healthcare industry could adversely affect the Company' s future revenues and operating income. The medical technology industry has experienced a significant amount of consolidation, resulting in companies with greater market presence. Health care systems and other health care companies are also consolidating, resulting in greater purchasing power for the combined companies. The disruption in the healthcare industry caused by consolidation may lead to further competition among medical device suppliers to provide goods and services, which could adversely affect the Company' s future revenues and operating income. ~~Our~~ **Pandemics, natural disasters, global climate change, acts of terrorism and global conflicts may have a negative impact on our** business **and** ~~, results of~~ operations **. Pandemics (such as** ~~, and financial condition could be materially adversely affected by~~ the ~~effects of widespread public health epidemics, including~~ COVID- 19 **pandemic)** , **natural disasters, global climate change, acts of terrorism, global conflicts or other similar events have in the past, and may in the future have, a negative impact on our business and operations. These events impact us negatively to the extent** that **they result in disruptions in** ~~are beyond our control. Outbreaks of contagious diseases, public health epidemics, and other~~ -- **the** ~~adverse public health developments~~ **global and national economies and certain industries and geographies** in **which** ~~countries where~~ we ~~, our customers, or our suppliers~~ operate ~~have had and~~ **. In addition, these or similar events may impact economic growth negatively, which** could have ~~a material and~~ - **an** adverse effect on our business **and** ~~, results of~~ operations and ~~financial condition. The COVID- 19 pandemic has adversely impacted the global and national economies and certain industries and geographies in which we operate. Given its ongoing and dynamic nature, it is difficult to predict the full impact of the COVID- 19 pandemic on our business, customers, vendors, and suppliers. The extent of such impact will depend on future developments, which are highly uncertain. Additionally, the responses of various governmental and nongovernmental authorities and consumers to the pandemic~~ may have **other adverse** ~~material long- term~~ effects on us ~~and our customers which~~ **in ways that we** are ~~difficult~~ **unable** to **predict** ~~quantify in the near- term or long- term~~. Risks Related to our Regulatory Environment Sensus is subject to various federal, state, and foreign healthcare laws and regulations, and a finding of failure to comply with these laws and regulations could have a material adverse effect on its business. Sensus' s operations are, and will continue to be, directly and indirectly affected by various federal, state, and foreign healthcare laws, including, but not limited to, those described below. ● The Anti- Kickback Statute, which prohibits any person or entity from knowingly and willfully offering, paying, soliciting, or receiving any remuneration, directly or indirectly, in cash or in kind, in return for or to induce the referring, ordering, leasing, purchasing, or arranging for or recommending the referring, ordering, purchasing, or leasing of any good, facility, item, or service, for which payment may be made, in whole or in part, under federal healthcare programs, such as the Medicare and Medicaid programs. ● The Federal " Sunshine " law, which requires us to track and report annually to CMS information related to certain payments and other " transfers of value " provided to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors) and teaching hospitals and to report annually to CMS ownership and investment interests held by physicians and their immediate family members. We are also subject to similar foreign " sunshine " laws or codes of conduct, which vary country by country. ● Federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, persons or entities from knowingly presenting, or causing to be presented, a false or fraudulent claim to, or the knowing use of false records or statements to obtain payment from, or approval by, the federal government. Suits filed under the False Claims Act, known as " qui tam " actions, can be brought by any individual on behalf of the government and such individuals, commonly known as " whistleblowers, " may share in any amounts paid by the entity to the government in fines or settlement. When an entity is determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim. Many of the physicians that use our products will file for reimbursement from governmental programs such as Medicare and Medicaid. As a result, we may be subject to the False Claims Act if we knowingly cause the filing of false claims. ● HIPAA, which, among other things, created federal criminal laws that prohibit knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any healthcare benefit program and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statements in connection with the delivery of or payment for healthcare benefits, items or services. Additionally, HIPAA, as amended by HITECH, and applicable implementing regulations, impose certain requirements relating to the privacy, security, and transmission of individually identifiable health information without appropriate authorization on entities subject to the law, such as health plans, clearinghouses, and healthcare providers and their business associates. Internationally, substantially every jurisdiction in which we operate has established its own data security and privacy legal framework with which we must comply, including the Data Protection Directive 95 / 46 / EC and national implementation of the Directive in the member states of the European Union. Many states have also adopted laws similar to each of the above federal laws, such as anti- kickback and false claims laws, which may be broader in scope and apply to items or services reimbursed by any third- party payor, including commercial insurers, as well as laws that restrict our marketing activities with healthcare professionals and entities, and require the Company to track and report payments and other transfers of value, including consulting fees, provided to healthcare professionals and entities. Some states mandate implementation of compliance programs to ensure compliance with these laws. Additionally, certain states require a certificate of need prior to the installation of a radiation device, such as the SRT- 100. The Company is also subject to foreign fraud and abuse laws, which vary by country. If the Company' s operations are found to be in violation of any of the laws or regulations described above or any other governmental laws or regulations that apply now or in the future, it may be subject to penalties, including administrative, civil, and criminal penalties; damages; fines; disgorgement; individual imprisonment; contractual damages; reputational harm; exclusion from governmental healthcare programs; and the curtailment or restructuring of its operations. Any of the foregoing could adversely affect the Company' s ability to operate its business and financial results. Sensus is required to comply with medical device reporting requirements and must report certain malfunctions, deaths, and serious injuries associated with its products, which can result in voluntary corrective actions or agency enforcement actions. Under the FDA' s medical device reporting regulations (21 CFR 803), medical device manufacturers are required to submit information to the U. S. Food and Drug Administration when they receive a report or become aware that a device has or may have caused or contributed to a death or serious injury or has or may have a malfunction that would likely cause or contribute to death or serious injury if the malfunction were to recur. All manufacturers placing medical devices on the market in the European Economic Area are legally bound to report any serious or potentially serious incidents involving devices they produce or sell (MEDDEV 2. 12- 1) to the competent authority in whose jurisdiction the incident occurred through the " European Vigilance " process. If an event subject to medical device reporting requirements occurs, Sensus will need to comply with the reporting requirements, which would adversely affect its reputation and subject Sensus to actions by regulatory authorities, such as ordering recalls, imposing fines, or seizing the affected products. Furthermore, any corrective action, whether voluntary or involuntary, will require the dedication of time and capital and will distract management from business operations. Any of the foregoing would negatively impact Sensus' s reputation, business, and financial results. Healthcare policy changes may have a material adverse effect on Sensus' s business. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, included, among other things, comparative effectiveness research, an independent payment advisory board, payment system reforms (including shared savings pilots), and other provisions, one or more of which may significantly affect the payment for, and the availability of, healthcare services and may result in fundamental changes to federal healthcare reimbursement programs, any of which may materially affect numerous aspects of our business. Other healthcare reform measures may result in more rigorous coverage criteria and in additional downward pressure on the reimbursement received for procedures utilizing our products. In addition, other legislative changes have been proposed and adopted since the law discussed above was enacted that may adversely affect Sensus' s revenues. Changes to existing laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on Sensus' s business and financial operations. Any reduction in reimbursement from Medicare or other government programs may result in a reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent Sensus from being able to increase revenue, attain profitability, or commercialize its devices. In addition, other legislative changes may be enacted or existing regulations, guidance, or interpretations may be changed, each of which may adversely affect our operations. Risks Related to our Intellectual Property If Sensus' s patents and other intellectual property rights do not adequately protect its products, it may lose market share to competitors and be unable to operate business profitably. Sensus' s success significantly depends on its ability to protect proprietary rights to the technologies used in its products. Sensus relies on ~~two~~ **three** U. S. patents and two foreign patents, as well as a combination of copyright, trade secret, and trademark laws, and nondisclosure, confidentiality, and other contractual restrictions, to protect its proprietary technology. Sensus also has patent applications currently pending and in the process of being submitted. However, these legal means afford only limited protection and may not adequately protect its rights or permit Sensus to gain or keep any competitive advantage. For example, some or all of the pending patent applications or any future pending applications may be unsuccessful. The U. S. Patent and Trademark Office may deny or require significant narrowing of claims in the pending patent applications or future patent applications, and patents issued as a result of these patent applications, if any, may not provide Sensus with significant commercial protection or be issued in a form that is advantageous. Sensus could also incur substantial costs in proceedings before the U. S. Patent and Trademark Office. These proceedings could result in adverse decisions as to the priority of its inventions and the narrowing or invalidation of claims in its issued patents. Third parties may successfully challenge issued patents and those that may be issued in the future, which would render these patents invalid or unenforceable, which in turn could limit Sensus' s ability to stop competitors from marketing and selling related products. In addition, pending patent applications include claims to aspects of Sensus' s products and procedures that are not currently protected by issued patents, and third parties may successfully patent those aspects before us or otherwise challenge our rights to these aspects. Both the patent application process and the process of managing patent disputes can be time consuming and expensive. Competitors may be able to design around Sensus' s patents or develop products that provide outcomes that are comparable to Sensus' s products. Although Sensus has entered into confidentiality agreements and intellectual property assignment agreements with certain of its employees, consultants, and advisors in order to protect our intellectual property and other proprietary technology, these agreements may not be enforceable or may not provide meaningful protection for trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. In addition, Sensus has not sought patent protection in all countries where it sells products. If Sensus fails to timely file a patent application in any such country or major market, Sensus may be precluded from doing so at a later date. Competitors may use Sensus' s technologies in jurisdictions where Sensus has not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories in which Sensus has patent protection that may not be sufficient to terminate infringing activities. Furthermore, the laws of some foreign countries may not protect intellectual property rights to the same extent as the laws of the U. S., if at all. In the event a competitor infringes upon one of Sensus' s patents or other intellectual property rights, enforcing those patents and rights may be difficult and time consuming. Even if successful, litigation to defend these patents against challenges or to enforce Sensus' s intellectual property rights could be expensive and time consuming and could divert management' s attention. Moreover, Sensus may not have sufficient resources to defend patents against challenges or to enforce intellectual property rights, any of which would adversely affect its ability to compete. Any of the foregoing would negatively impact Sensus' s business, operations, and financial results. If Sensus' s trademarks or trade names are not adequately protected, then Sensus may be unable to build name recognition in markets of interest and its business may be adversely affected. Sensus' s registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, declared generic, or determined to infringe other marks. Sensus may be unable to protect the rights to these trademarks and trade names, which it needs to build name recognition by potential partners or customers in markets of interest. If these trademarks are challenged, infringed upon, circumvented, or declared generic or infringing, or if Sensus is unable to establish name recognition based on these trademarks and trade names, then it may be unable to compete effectively and Sensus' s business may be adversely affected. The medical device industry is characterized by extensive patent litigation, and if Sensus becomes subject to litigation, it could be costly, result in the diversion of management' s attention, require us to pay significant damages or royalty payments, or prevent us from marketing and selling existing or future products. The medical device industry is characterized by extensive litigation and administrative proceedings over patent and other intellectual property rights. Determining whether a product infringes a patent involves complex legal and factual issues. As the number of participants in the market for skin cancer and general oncology devices and treatments increases, the possibility of patent infringement claims against Sensus increases. Any infringement claims, litigation or other proceedings would place a significant strain on Sensus' s financial resources, divert the attention of management from the core business and harm Sensus' s reputation. Any of the foregoing could negatively impact Sensus' s business, operations, and financial results. Adverse outcomes in litigation or similar proceedings could adversely impact business. Sensus may in the future be named as a party to litigation or other similar legal proceedings. Adverse outcomes in any or all of these proceedings could result in monetary damages or injunctive relief that could adversely affect its ability to continue conducting business. If an unfavorable final outcome in any such matter becomes probable and reasonably estimable, the Company' s financial condition could be materially and adversely affected. Risks Related to the Ownership of Sensus' s Securities We have a history of net losses prior to 2021. If we do not maintain profitability, our financial condition and the value of our common stock could suffer. The Company has a history of net losses. The historical losses from inception through December 31, ~~2020~~ **2021** totaled approximately $ ~~21~~ **17** . ~~9~~ **8** million. The Company reported net income of $ **0. 5 million and $** 24. 2 ~~million and $ 4. 1~~ million, respectively, during the years ended December 31, **2023 and** 2022 ~~and 2021~~ . The ~~Company has significantly reduced its~~ **accumulated net loss was mainly related to the** research and development expenses ~~and~~ **in the early stage of the Company. The Company** is **continuously managing** ~~planning to continue to control these~~ expenses. However, there can be no assurances that this and other actions will result in the Company' s continued profitability. Limited trading activity for shares of Sensus' s common stock may contribute to price volatility. While Sensus' s common stock is listed and traded on the Nasdaq Capital Market, there has been limited trading activity in the Company' s shares. Due to the limited trading activity of Sensus' s common stock, relativity small trades may have a significant impact on the price of our common stock. The Company does not anticipate paying dividends for the foreseeable future. As a result, investors must rely on price appreciation of the Company' s common stock for a return on its investment in the foreseeable future. The Company expects to retain any funds and future earnings to support the operation, growth, and development of its business and does not anticipate paying any cash dividends on its common stock in the foreseeable future. As a result, a return on an investor' s investment in the near future will occur only if the Company' s share price appreciates. The Company' s common stock price may not appreciate in value or maintain the price at which an investor purchased these securities, and in either case, may not realize a return on investment or could lose all or part of an investment in the Company' s securities. Any future determination to declare cash dividends will be made at the discretion of the Company' s Board of Directors (the " Board of Directors ") and will be subject to compliance with applicable laws and covenants under any credit facilities, which may restrict or limit the Company' s ability to pay dividends. For example, the Company' s **current** revolving line of credit ~~with SVB (now with the Bridge Bank) has restricted~~ **restricts** the ability to pay dividends or make any distributions or payments or redeem, retire, or purchase any capital stock without the prior written consent of the lender, provided that the Company may pay dividends solely in common stock ~~. Should~~ **and, so long as no default has occurred under** the **line of** ~~Company enter into a new~~ credit ~~facility or facilities following the closing of SVB~~ , ~~any such facility may contain similar or additional restrictions on the payment of dividends or may prohibit the payment of dividends altogether (see " Risk Factors-- Sensus may be required to obtain additional funds in the future, and these~~ -- **the** ~~funds~~ **Company** may ~~not be available on acceptable terms or at all " for additional information)~~ **make certain redemptions of its common stock and pay certain tax distributions to its shareholders** . Also, the form, frequency, and amount of dividends will depend upon the Company' s future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the Board of Directors may deem relevant. Sensus may not pay dividends as a result of any of the foregoing, and in these cases, an investor would need to rely on price appreciation of the Company' s common stock for a return on investment. Sensus is a " smaller reporting company, " and the reduced reporting requirements applicable to smaller reporting companies may make Sensus' s common stock less attractive to investors. As a smaller reporting company, Sensus can take advantage of certain reduced governance and disclosure requirements, including not being required to comply with the auditor attestation requirements in the assessment of internal control over financial reporting. As a result, investors and others may be less comfortable with the effectiveness of Sensus' s internal controls and the risk that material weaknesses or other deficiencies in internal controls go undetected may increase. In addition, as a smaller reporting company, Sensus takes advantage of the ability to provide certain other less comprehensive disclosures in our SEC filings, including, among other things, providing only two years of audited financial statements in annual reports and simplified executive compensation disclosures. Consequently, it may be more challenging for investors to analyze Sensus' s results of operations and financial prospects, as the information provided to stockholders may be different from what one might receive from other public companies in which one holds shares. Sensus' s executive officers and directors may exert control over the Company and may exercise influence over matters subject to stockholder approval. Sensus' s executive officers and directors, together with their respective affiliates, beneficially owned approximately 11 % of our outstanding common stock as of February 21, ~~2023~~ **2024** . Accordingly, these stockholders, if they act together, may exercise substantial influence over matters requiring stockholder approval, including the election of directors and approval of corporate transactions, such as a merger. This concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discourage a potential acquirer from attempting to obtain control over Sensus, which in turn could have a material adverse effect on the market value of Sensus' s common stock. If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about Sensus, the price of Sensus' s securities and trading volume could decline. The trading market for Sensus' s securities depends, in part, on the research and reports that securities or industry analysts publish about us. Sensus may be unable to attract or sustain coverage by well- regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts cover Sensus, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for Sensus' s securities would be materially and negatively impacted. In the event Sensus obtains securities or industry analyst coverage, if one or more of the analysts who cover Sensus downgrades the securities or publishes inaccurate or unfavorable research about the Company, the price of Sensus' s securities would likely decline. If one or more of these analysts cease coverage of Sensus, or fail to publish reports on Sensus regularly, demand for the Sensus' s securities could decrease, which might cause the price of its securities and trading volume to decline. The Company' s certificate of incorporation and bylaws, and Delaware law contain provisions that could discourage another company from acquiring the Company and may prevent attempts by the Company' s stockholders to replace or remove the current directors and management. Provisions of the Delaware General Corporation Law (" DGCL ") and the Company' s certificate of incorporation and bylaws may discourage, delay, or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which an investor might otherwise receive a premium for its stock. In addition, these provisions may frustrate or prevent any attempts by the Company' s stockholders to replace or remove the current management by making it more difficult for stockholders to replace or remove directors from the Board of Directors. These provisions include: ● authorizing the issuance of " blank check " preferred stock without any need for action by stockholders; ● requiring supermajority stockholder voting to effect any merger or sale of all or substantially all of the Company' s stock and assets; ● eliminating the ability of stockholders to call and bring business before special meetings of stockholders; ● prohibiting stockholder action by written consent; ● establishing advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings; ● dividing the Board of Directors into three classes so that only one third of the directors will be up for election in any given year; and ● providing that the Company' s directors may be removed only by the affirmative vote of at least 75 % of the Company' s then- outstanding common stock and only for cause. In addition, the Company is subject to Section 203 of the DGCL, which may have an anti- takeover effect with respect to transactions not approved in advance by the Board of Directors, including discouraging takeover attempts that could result in a premium over the market price for shares of the Company' s common stock. These provisions will apply even if a takeover offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Board of Directors determines is not in the best interests of the Company and its stockholders and could also affect the price that some investors are willing to pay for the Company' s common stock. The Company' s certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between the Company and its stockholders, which could limit a stockholder' s ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, or employees. The Company' s certificate of incorporation provides that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on behalf of the Company; any action asserting a breach of fiduciary duty; any action asserting a claim against the Company arising pursuant to the DGCL, the Company' s certificate of incorporation, or bylaws; or any action asserting a claim against the Company that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers, or other employees, which may discourage these lawsuits against the Company and its directors, officers, and other employees. If a court were to find the choice of forum provision contained in the Company' s certificate of incorporation to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving the action in other jurisdictions, which could harm business and financial condition. If the Company fails to maintain proper and effective internal controls, the Company' s ability to produce accurate and timely financial statements could be impaired and investors' views of the Company or its business could be harmed, resulting in a decrease in value of the Company' s common stock. As a public company, the Company is required to maintain internal control over financial reporting and to report any material weaknesses in the Company' s internal controls. In addition, the Company is required to furnish a report by management on the effectiveness of the internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act. In addition, the Company' s independent registered public accounting firm will be required to attest to the effectiveness of the internal control over financial reporting beginning with the Company' s annual report on Form 10- K following the date on which the Company no longer qualifies as a smaller reporting company. Compliance with Section 404 of the Sarbanes- Oxley Act will require the Company to incur substantial accounting expense and expend significant management efforts. If the Company is unable to comply with the requirements of Section 404 in a timely manner, or the Company and the independent registered public accounting firm identify deficiencies in the internal control over financial reporting that are deemed to be material weaknesses, the market price of the Company' s common stock could decline and the Company could be subject to sanctions or investigations by Nasdaq, the SEC, or other regulatory authorities, which would require additional financial and management resources.