Risk Factors Comparison 2024-04-01 to 2023-03-16 Form: 10-K

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

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of other economic factors that are beyond our control. Any prolonged reduction in oil and natural gas prices will depress the immediate levels of exploration, development and production activity, which could have an adverse effect on our business, results of operations and financial condition. Even the perception of longer- term lower oil and natural gas prices by oil and natural gas companies and related service providers can similarly reduce or defer major expenditures by these companies and service providers given the long- term nature of many large- scale development projects. Oil prices are particularly sensitive to actual and perceived threats to global political stability and to changes in production from OPEC member states. The war in Ukraine could continue to contribute to the volatility in global oil and gas prices and continued sanctions against Russia could impact demand for our products and adversely affect our profitability. Additionally, potential climate change regulation, including a potential carbon tax, could adversely affect the level of exploration, development and production activity of certain of our customers and the demand for our services and products. The Company' s operating results can be adversely affected by inflation, changes in the cost or availability of labor, raw materials, energy, transportation and other necessary supplies and services, as well as the impact of tariffs. We are currently experiencing inflationary pressures on our operating costs. Competition for labor is becoming more acute and we have experienced increased labor costs as a result. For significant portions of our business, we purchase raw materials and component parts which have been designated or specified by our customers, at prices negotiated by our customers. Raw material price fluctuations and volatility in the commodity markets, including tariffs and trade restriction could impact prices in the future. In any event, for a growing part of our business, we arrange our own suppliers and we could be impacted by the risks of any price increases, trade restrictions or production delays. Increases in the costs of steel or other supplies could also increase our working capital requirements and scrap expenses. In addition, we have experienced increased costs for the transportation of our products. We may not be able to fully offset any cost increases through cost reduction programs or price increases of our products, especially given the competitive environment. If we are not able to sufficiently increase our pricing to offset these increased costs or if increased costs and prolonged inflation continue, it could materially and adversely affect our business, operating results and profitability. Sustained price increases may lead to declines in volume. While we seek to project tradeoffs between price increases and volume, our projections may not accurately predict the volume impact of price increases. In addition, volatility in certain commodity markets could significantly affect our production cost. Our business benefits from free trade agreements, such as the United States- Mexico- Canada Agreement and efforts to withdraw from, or substantially modify such agreement in addition to the implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs, import or export licensing requirements and exchange controls or new barriers to entry, could limit our ability to capitalize on current and future growth opportunities in international markets, impair our ability to expand the business by offering new technologies, products and services, and could adversely impact our production costs, customer demand and our relationships with customers and suppliers. Any of these consequences could have a material adverse effect on our results of operations, financial condition and cash flows. In general, there can be no assurance that any price fluctuations relating to tariffs or trade restrictions will not reduce demand, slow production, delay shipments to our customers or increase our costs in the future, any of which could adversely affect our financial results. Competition Risks Increasing competition could limit or reduce our market share. As an outsourced manufacturer, we operate in highly competitive environments that often include our customers' internal capabilities. We believe that the principal competitive factors in our markets include the availability of manufacturing capacity, increasingly unfavorable currency exchange rates (especially in low- cost countries), technological strength, speed and flexibility in responding to design or schedule changes, price, quality, delivery, cost management and financial strength. Our earnings could decline if our competitors or customers can provide comparable speed and quality at a lower cost, or if we fail to adequately invest in the range and quality of products and manufacturing capabilities our customers require. Most of our competitors are larger and have greater financial and organizational resources, geographic breadth and range of products, customer bases and brand recognition than we do. As a result, our competitors may respond more quickly to technological changes or customer needs, consume lower fixed and variable unit costs, negotiate reduced component prices, and obtain better terms for financing growth. If we fail to compete in any of these areas, we may lose market share and our business could be seriously harmed. There can be no assurance that we will not experience increased competition or that we will be able to achieve profitability as these new challenges arise. Our technologies could become obsolete, reducing our revenues and profitability. The markets for our products are characterized by changing technology and continuing process development. The future of our business will depend in large part upon the continuing relevance of our technological capabilities. We could fail to make required capital investments, develop or successfully market products that meet changing customer needs and anticipate or respond to technological changes in a cost- effective and timely manner. Our inability to successfully launch or sustain new or next generation programs or product features, especially in accordance with budgets or committed delivery schedules, could materially adversely affect our financial results. We could encounter competition from new or developing technologies that render our technologies and equipment less profitable or obsolete in our chosen markets and our operating results may suffer. In particular, the Company is currently ramping production on certain programs and also continuing to pursue new programs in an attempt to increase Sypris Electronics' revenues. However, the initial production phase of new programs and substantial increases in production volumes may be costly and can be slower than anticipated. Increasing production volumes to meet customer demand within Sypris Electronics may not be successful. Execution Risks Contract terminations or delays could harm our business. We often provide products under contracts that contain detailed specifications, quality standards and other terms. If we are unable to perform in accordance with such terms, our customers might seek to terminate such contracts, demand price concessions or other financial consideration or downgrade our performance ratings or eligibility for new business. Moreover, many of our contracts are subject to termination for convenience or upon default. These provisions could provide only limited recoveries of certain incurred costs or profits on completed work and could impose liabilities for our customers' costs in procuring undelivered items from another source. If any of our significant contracts were to be repudiated, terminated or not renewed, we could lose substantial revenues, and our operating results as well as prospects for future business opportunities could be adversely affected. We are subject to various audits, reviews and investigations, including private party " whistleblower " lawsuits, relating to our compliance with federal and state laws. Should our business be charged with wrongdoing, or determined not to be a " presently responsible contractor, " we could be temporarily suspended or debarred from receiving new government- approved subcontracts. We must operate more efficiently. If we are unable to improve the cost, efficiency and yield of our operations, and if we are not able to control costs, our financial results could suffer and we could be forced to sell assets, take on additional debt at higher costs or take other measures to restructure our operations or capital structure. A number of major obstacles could include: ● difficulties arising from our present financial condition, including difficulties in maintaining customer and supplier relationships and difficulties acquiring new business due to lingering concerns about our financial condition until we have returned to consistent profitability; ● efforts to increase our manufacturing capacity, maintain quality control systems and launch new programs, especially as we continue to increase production at each of our operating locations; ● the breakdown or the need for major repairs of critical machinery or equipment, especially as we increase production at our Mexico operations; ● the risk of warranty expenses and product liability claims, including the outcome of known or potential recall campaigns, if our products fail to meet or perform to specifications or cause property damage, injury or death; ● tariffs or trade restrictions imposed on imports or exports, particularly in the United States and Mexico; ● our ability to comply with exportation and importation regulations with an expanding global market; ● increased borrowing due to declines in sales; ● changes in anticipated product mix and the associated variances in our profit margins; ● the need to identify and eliminate our root causes of scrap; ● inventory risks due to forecasting errors, shifts in market demand, the unanticipated loss of future business, or the obsolescence and / or price erosion of raw materials or component parts on hand; and ● any inability to successfully manage growth, contraction or competitive pressures in our primary markets. Our management or systems could be inadequate to support our existing or future operations. New customers or new contracts, particularly with new product offerings, could require us to invest in additional equipment or other capital expenditures which exceed our budgeted plans. We may have limited experience or expertise in installing or operating such equipment, which could negatively impact our ability to deliver products on time or with acceptable costs. In addition, a material portion of our manufacturing equipment requires significant ongoing maintenance to operate effectively, and we may experience maintenance and repair issues. Access to necessary supplies and component parts to support our equipment maintenance programs and repairs may not be available due to the age or complexity of the machinery and the timing or access to those supplies could impact our ability to meet production demands. The risk of technical failures, nonconformance with customer specifications, an inability to deliver next generation products or other quality concerns could materially impair our operating results. Similarly, expanding production for our energy- related products without effective process or quality controls could materially increase scrap rates and may impact the safety of our operating environment or expose our business to warranty risks and contractual violations. Cyber security risks could negatively affect operations and result in increased costs. Sypris Electronics, as a U. S. defense subcontractor, and our Company overall, face cyber security threats, threats to the physical security of our facilities and employees and terrorist or criminal acts, as well as the potential for business disruptions associated with information technology failures and natural disasters. We routinely experience cyber security threats, threats to our information technology infrastructure and attempts to gain access to our sensitive information, as do our customers, vendors, suppliers and subcontractors, including the threat of ransomware attacks on our systems and the systems of third- party vendors and other parties with which we conduct business, all of which may become more pronounced in the event of geopolitical events and other uncertainties, such as the war in Ukraine **or the Israel and Gaza conflict** . Prior cyber attacks directed at us have resulted in security breaches, but to date have not had a material impact on our financial results. We have robust measures in place to address and mitigate cyber- related risks. However, we expect we will continue to experience additional attempted attacks in the future, including from nation states and criminal actors. We continue to invest in the cybersecurity and resiliency of our networks and products and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and often are not recognized until launched against a target, or even some time after. We may be unable to anticipate these techniques, implement adequate preventative measures or remediate any intrusion on a timely or effective basis even if our security measures are appropriate, reasonable, and / or comply with applicable legal requirements. Certain efforts may be state-sponsored and supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. Insider or employee cyber and security threats are also a significant concern for all companies, including ours. We depend on our customers, suppliers, and other business partners to implement adequate controls and safeguards to protect against and report cyber incidents. If they fail to deter, detect or report cyber incidents in a timely manner, we may suffer financial and other harm, including to our information, operations, performance, employees and reputation. Although we implement various measures and controls to monitor and mitigate risks associated with these threats and to increase the cyber resiliency of our infrastructure and products, there can be no assurance that these processes will be sufficient. Successful attacks could lead to losses or misuse of sensitive information or capabilities; theft or corruption of data; harm to personnel, infrastructure or products; financial costs and liabilities and protracted disruptions in our operations and performance. Although we work cooperatively with our customers and our suppliers, subcontractors, vendors and other partners to seek to minimize the impacts of cyber threats, other security threats or business disruptions, we must rely on the safeguards put in place by those entities, and those safeguards might not be effective. The costs related to cyber security or other security threats or disruptions may not be fully insured or indemnified by other means. Additionally, obtaining external providers with expertise for assisting with the recovery from or defense against a cyber incident may not be obtainable on acceptable terms. Occurrence of any of these events could adversely affect our internal operations, the products we provide to customers, loss of competitive advantages derived from our research and development efforts, early obsolescence of our products, our future financial results, our reputation or our stock price. Supplier Risks Interruptions in the supply of key components and quality systems could disrupt production. Some of our products require one or more components that are available from a limited number of providers or from sole- source providers. In the past, some of the materials we use, including steel, certain forgings or castings, capacitors and memory and logic devices, have been subject to industry- wide shortages or capacity allocations. As a result, suppliers have been forced to allocate available quantities among their customers, and we have not been able to obtain all of the materials desired. Some of our suppliers have struggled to implement reliable quality control systems which can negatively impact our operating efficiency and financial results. In downward business cycles, the tightening of credit markets has threatened the financial viability of an increasing number of suppliers of key components and raw materials and forced unanticipated shutdowns. Our inability to reliably obtain these or any other materials when and as needed has in the past and could in the future slow production or assembly, delay shipments to our customers, cause noncompliance with product certifications, impair the recovery of our fixed costs and increase the costs of recovering to customers' schedules, including overtime, expedited freight, equipment maintenance, operating inefficiencies, higher working capital and the obsolescence risks associated with larger buffer inventories. Each of these factors could adversely affect operating results. **The conflict in Ukraine has increased global tensions and instability, highlighted threats and increased global demand, as well as further disrupted global supply chains. We may not be able to fully offset any cost increases or price increases of our products due to delays in production. More recently, the hostilities in Israel and the Gaza Strip have further heightened global tensions and instability. At this time, it is unknown whether hostilities in this region will escalate into an even larger conflict. We do not have a significant business presence in the region, and therefore do not anticipate significant adverse financial impacts directly from the current conflict. Further, as discussed below, the Company experienced a liquidity shortfall in the fourth quarter of 2023 and the first quarter of 2024. Suppliers may not sell to us given our liquidity position. If we are unable to purchase components from our suppliers, we may not be able to continue to service our customers which could adversely affect our financial position, results of operations and / or cash flows.** Shortages or increased costs of utilities could harm our business and our customers. We and our customers depend on a constant supply of electricity and natural gas from utility providers for the operation of our respective businesses and facilities. In the past, we have experienced power outages which reduced our ability to deliver products and meet our customers' demand for those products. If we or our customers experience future interruptions in service from these providers, our production and / or delivery of products could be negatively affected. We have experienced increased costs due to the heavy consumption of energy in our production process, which have been offset through revised production schedules. However, if the cost of energy continues to increase, our results of operations and those of certain customers could be negatively impacted. Access to Capital and ~~Acquisitions~~ **Liquidity** Risks ~~Until we have returned~~ **We may require additional financing** to **conduct** ~~sustained levels of consistent profitability,~~ our ~~access~~ **operations and** to **repay our outstanding debt obligations. We cannot be certain that additional** capital ~~may~~ **will** be ~~limited~~ **available on terms acceptable to us, or at all** . ~~Until~~ **As reflected in the consolidated financial statements,** the Company ~~is able to achieve~~ **reported a net loss of $ 1. 6 million** and ~~maintain consistent profitability,~~ **cash used in operations of $ 11. 1 million for** ~~there~~ -- **the** ~~can be no assurances that the~~ **year ended December 31, 2023. The** Company **' s net inventory increased from $ 42** ~~will succeed in attracting new, acceptable sources of debt or equity capital~~ . **1 million** ~~If we are unable~~ to ~~achieve and maintain profitability~~ **$ 77. 3 million as of December 31** , ~~we may need~~ **2022 and 2023, respectively, primarily related** to ~~use existing~~ **contracts with Sypris Electronics' aerospace and defense customers. Shipments to customers on certain of these contracts were delayed beyond the initial delivery dates, which negatively impacted the cycle time to convert inventory to** cash **during** ~~resources or other~~ -- **the** ~~assets to fund operating losses~~ **year ended December 31, 2023** . ~~While we have borrowed~~ **As a result, the Company experienced a liquidity shortfall in the fourth quarter of 2023 and the first quarter of 2024. The Company received the benefit of additional loans of $ 5. 0 million** from Gill Family Capital Management, Inc. (" GFCM "), an entity controlled by the Gill family that beneficially owns approximately 14. ~~8~~ **6** % of our common stock, **to help the Company manage its liquidity during those periods. Our ability to service our current liabilities and satisfy our debt obligations will require a significant amount of cash. If we are unable to achieve our forecasted revenue, or if our costs are higher than expected, we may be required to revise our plans to provide for additional cost- cutting measures, seek additional financing or to consider other strategic alternatives. We may not be able to secure additional financing on favorable terms, if at all. Until we have returned to sustained levels of consistent profitability, our access to capital may be limited. Until the Company is able to achieve and maintain consistent profitability, we may not be able to obtain financing. If we are unable to achieve and maintain profitability, we will need to use existing cash resources or liquidate other assets to fund operating losses. While we have borrowed from GFCM** on acceptable terms in the past, there can be no assurances that ~~such~~ **any additional** debt financing ~~would~~ **from GFCM will** be available in the future. Potential inquiries into or audits of our Paycheck Protection Program loan, as well as the results of any such inquiries or audits, could have a significant adverse effect on us and our financial condition. The Company entered into a promissory note with BMO Harris Bank National Association (" BMO "), effective May 1, 2020, that ~~provides~~ **provided** for a loan in the amount of $ 3. 6 million (the " PPP Loan ") pursuant to expansion of the Small Business Administration (" SBA ") 7 (a) loan program (the " Paycheck Protection Program " or " PPP "), established under the CARES Act. The U. S. Department of the Treasury and SBA have announced that SBA will conduct audits for PPP loans that exceed $ 2 million. Should we be audited or reviewed by the U. S. Department of the Treasury or the SBA as a result of the PPP Loan or filing an application for forgiveness or otherwise, such audit or review could result in the diversion of management' s time and attention, generate negative publicity and cause us to incur legal and reputational costs. If we were to be audited and receive an adverse outcome in such an audit, we could be required to return the full amount of the PPP Loan and may potentially be subject to civil and criminal fines and penalties. We may not have the resources to repay the PPP Loan if required to do so by the federal government. On November 24, 2020, the Company submitted an application for forgiveness of the entire amount due on the PPP Loan. On June 28, 2021, the Company received notice from BMO that BMO had received confirmation from the SBA that the application for forgiveness of the PPP Loan had been approved. If it is subsequently determined that it must be repaid, we may be required to use a substantial portion of our cash flows from operations or proceeds from the sale of our assets to pay interest and principal on the PPP Loan. Any such repayment of the PPP Loan will reduce the funds available to us for working capital and other corporate purposes and may limit our ability to obtain additional financing for working capital or divert funds that are otherwise necessary to run our business. We cannot assure that our business will generate sufficient cash flow from operations or that future financing will be available to us in amounts sufficient to enable us to make required and timely repayments on our indebtedness, or to fund our operations. Additionally, though we believe we ~~are~~ **were** eligible recipients of the PPP Loan under the PPP and our use of PPP Loan proceeds **was** ~~has been~~ in compliance with PPP rules and guidance, our receipt of the PPP Loan and the use of PPP Loan proceeds could result in negative publicity, or expose us to claims or potential liability under the federal False Claims Act, which prohibits the known filing of a false claim or the known use of false statements to obtain payment from the federal government, if it is determined that we were in fact not eligible to take the PPP Loan in the first instance. Our ability to finance expansion or new business opportunities may be limited. Our future liquidity and capital requirements depend on numerous factors other than bank borrowings or debt financing, including the pace at which we can effectively cut costs, increase revenues or successfully launch new products. We have pursued strategies that rely on research and development efforts to develop and commercialize our new products. We may not have the financial resources or be able to raise funds necessary to pursue these strategies under any future debt agreements which could further limit our ability to replace the loss of revenues. We may be unable fully to exploit or adequately to protect intellectual property rights resulting from our development efforts, which could materially affect our ability to compete, our reputation and our financial position, results of operations and / or cash flows. Labor Relations Risks We must attract and retain qualified employees while successfully managing related costs. Our future success in a changing business environment, including during rapid changes in the size, complexity or skills required of our workforce, will depend to a large extent upon the efforts and abilities of our executive, managerial and technical employees. The loss of key employees ~~,~~ could have a material adverse effect on our operations. Our future success will also require an ability to attract and retain qualified employees, especially those with engineering or production expertise in our core business lines. Changes in our labor costs such as salaries, wages and benefits, or the cost of providing pension and other employee benefits, changes in health care costs, investment returns on plan assets and discount rates used to calculate pension and related liabilities or other requirements to accelerate the level of our pension fund contributions to reduce or eliminate underfunded liabilities, could lead to increased costs or disruptions of operations in any of our business units. Disputes with labor unions could disrupt our business plans. As of December 31, ~~2022~~ **2023** , we had collective bargaining agreements covering approximately ~~415~~ **406** employees (all of which were in Sypris Technologies), or ~~58~~ **54** % of our total employees. Excluding certain Mexico employees covered under an annually ratified agreement, there are no collective bargaining agreements expiring within the next ~~12~~ **twelve** months. Certain Mexico employees are covered by an annually ratified collective bargaining agreement. These employees in Mexico represented approximately ~~55~~ **51** % of the Company' s workforce, or ~~394~~ **382** employees at December 31, ~~2022~~ **2023** . Our ability to maintain our workforce depends on our ability to attract and retain new and existing customers as well as maintain good relations with our employees and labor unions. We could experience a work stoppage or other disputes which could disrupt our operations or the operations of our customers and could harm our operating results. Regulatory Risks Environmental, natural disasters, health and safety risks could expose us to potential liability. We are subject to a variety of environmental regulations relating to the use, storage, discharge and disposal of hazardous chemicals and substances used in our operations. If we fail to comply with present or future regulations, we could be forced to alter, suspend or discontinue our manufacturing processes and pay substantial fines or penalties. Groundwater and other contamination has occurred at certain of our current and former facilities during the operation of those facilities by their former owners, and this contamination may occur at future facilities we operate or acquire. There is no assurance that environmental indemnification agreements we have secured from the former owners of certain of these properties will be adequate to protect us from liability. Additionally, certain property we sold which was designated as Brownfields is under development by the current owners and could expose us to future costs. Our business is also subject to potential liabilities with respect to health and safety matters. We are required to comply with federal, state, local and foreign laws and regulations governing the health and safety of our workforce, and we could be held liable for damages arising out of human exposure to hazardous substances or other dangerous working conditions. Health and safety laws and regulations are complex and change frequently. As a result, our future costs to comply with such laws or the liabilities incurred in the event of any violations may increase significantly. A natural disaster could disrupt our operations, or our customers' or suppliers' operations and could adversely affect our results of operations and financial condition. Although we have plans designed to mitigate the impact of natural disasters on our operations, those plans may be insufficient, and any catastrophe may disrupt our ability to manufacture and deliver products to our customers, resulting in an adverse impact on our business and results of operations. In addition, our global operations expose us to risks associated with public health crises, such as pandemics, epidemics, and quarantines or shutdowns related to public health crisis and other catastrophic events, which could harm our business and cause our operating results to suffer. For example, the COVID- 19 pandemic resulted in travel disruption, trade disruption and adversely affected our operations. Changes in interest rates and asset returns could increase our pension funding obligations and reduce our profitability. We have unfunded obligations under certain of our defined benefit pension plans. The valuation of our future payment obligations under the plans and the related plan assets are subject to significant adverse changes if the credit and capital markets cause interest rates and projected rates of return to decline. Such declines could also require us to make significant additional contributions to our pension plans in the future. A material increase in the unfunded obligations of these plans could also result in a significant increase in our pension expense in the future. We may incur additional tax expense or become subject to additional tax exposure. Our provision for income taxes and the cash outlays required to satisfy our income tax obligations in the future could be adversely affected by numerous factors. These factors include changes in the level of earnings in the tax jurisdictions in which we operate, changes in the valuation of deferred tax assets and liabilities, changes in our plans to repatriate the earnings of our non- U. S. operations to the U. S. and changes in tax laws and regulations. Our income tax returns are subject to examination by federal, state and local tax authorities in the U. S. and tax authorities outside the U. S. The results of these examinations and the ongoing assessments of our tax exposures could also have an adverse effect on our provision for income taxes and the cash outlays required to satisfy our income tax obligations. Adverse regulatory developments or litigation could harm our business. Our businesses operate in heavily regulated environments. We must successfully manage the risk of changes in or adverse actions under applicable law or in our regulatory authorizations, licenses and permits, governmental security clearances or other legal rights to operate our businesses, to manage our work force or to import and export goods and services as needed. Our business activities expose us to the risks of litigation with respect to our customers, suppliers, creditors, stockholders or from warranty claims or product liability, environmental or asbestos- related matters. We also face the risk of other adverse regulatory actions, compliance costs or governmental sanctions, as well as the costs and risks related to our ongoing efforts to design and implement effective internal controls. While we maintain insurance coverage with respect to certain product liability claims or other legal claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against product liability claims. In addition, product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. Furthermore, even if we are successful in defending against a claim relating to our products, claims of this nature could cause our customers to lose confidence in our products and us. General Risks **Fluctuations in foreign currency exchange rates have increased, and could continue to increase, our operating costs. We have manufacturing operations located in Mexico. Excluding the cost of steel used in production, a significant portion of our operating expenses are denominated in the Mexican Peso. Currency exchange rates fluctuate daily as a result of a number of factors, including changes in a country' s political and economic policies. Volatility in the currencies of our entities and the United States dollar, as well as inflationary costs, could seriously harm our business, operating results and financial condition. The primary impact of currency exchange fluctuations is on the cash, payables and expenses of our Mexican operating entities. The Company does not currently hedge our Mexican Peso denominated expenses. Unexpected losses have occurred from increases in the value of the Mexican Peso relative to the United States dollar and further unexpected losses could occur, which could be material to our business, financial results, or operations.** Risks associated with climate change and other environmental impacts, and increased focus and evolving views of our customers, shareholders and other stakeholders on climate change issues, could negatively affect our business and operations. The effects of climate change create short and long- term financial risks to our business, both in the U. S. and Mexico. We have significant operations located in regions that have been, and may in the future be, exposed to significant weather events and other natural disasters. Climate related changes can increase variability in or otherwise impact natural disasters, including weather patterns, with the potential for increased frequency and severity of significant weather events (e. g., flooding, hurricanes and tropical storms), natural hazards (e. g., increased wildfire risk), rising mean temperature and sea levels, and long- term changes in precipitation patterns (e. g., drought, desertification, and / or poor water quality). We expect climate change will continue to affect our facilities, operations, employees and communities in the future, particularly our Sypris Electronics facility. Our suppliers are also subject to natural disasters that could affect their ability to deliver or perform under our contracts, including as a result of disruptions to their workforce and critical infrastructure. Disruptions also impact the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. Increased worldwide focus on climate change has led to legislative and regulatory efforts to combat both potential causes and adverse impacts of climate change, including regulation of greenhouse gas emissions. New or more stringent laws and regulations related to greenhouse gas emissions and other climate change related concerns may adversely affect us, our suppliers and our customers. Some of our facilities are, for example, engaged in manufacturing processes that produce greenhouse gas emissions, including carbon dioxide, or rely on products from others that do so. New and evolving laws and regulations could mandate different or more restrictive standards, could require capital investments to transition to low carbon technologies, could adversely impact our ongoing operations, and could require changes on a more accelerated time frame. Our suppliers may face similar challenges and incur additional compliance costs that are passed on to us. These direct and indirect costs may adversely impact our results. The market price for our common stock has been volatile. The market price of our common stock has been subject to wide price fluctuations in the past and could be subject to fluctuations in the future, in response to various factors, many of which are beyond our control and may be unrelated to our financial condition, operating performance, prospects or other indicators of value. These factors may include technical factors in the public trading market for our stock that may produce price movements that may or may not comport with macro, industry or company- specific fundamentals, including, without limitation, the sentiment of retail investors (including as it may be expressed on financial trading and other social media sites), the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock, fractional share trading and other technical trading factors or strategies. Our insurance coverage may be inadequate to cover all significant risk exposures. We carry a range of insurance policies intended to protect our assets and operations, including general liability insurance and property damage insurance. While we endeavor to purchase insurance coverage appropriate to our risk assessment, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages, and as a result our insurance program may not fully cover us for losses we may incur. In addition, as a result of a number of catastrophic weather and other events in the United States, insurance companies have incurred substantial losses and accordingly in many cases they have substantially reduced the nature and amount of insurance coverage available to the market, have broadened exclusions, and / or have substantially increased the cost of such coverage. It is likely that the tight insurance market will continue into the foreseeable future. Our business requires that we maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, our business could be materially and adversely affected. Our insurance coverage, customer indemnifications or other liability protections may be unavailable or inadequate to cover all of our significant risks, which could adversely affect our profitability and overall financial position. We endeavor to obtain insurance from financially solid, responsible, highly rated counterparties in established markets to cover significant risks and liabilities (including, for example, natural disasters, space launches and on- orbit operations, cyber security, hazardous operations, energetics and products liability). Not every risk or liability can be insured, and insurance coverage is not always reasonably available. The policy limits and terms of coverage reasonably obtainable may not be sufficient to cover actual losses or liabilities. Even if insurance coverage is available, we are not always able to obtain it at a price or on terms acceptable to us or without increasing exclusions. Disputes with insurance carriers over the availability of coverage, and the insolvency of one or more of our insurers has affected and may continue to affect the availability or timing of recovery, as well as our ability to obtain insurance coverage at reasonable rates in the future. In some circumstances we may be entitled to certain legal protections or indemnifications from our customers through contractual provisions, laws or otherwise. However, these protections are not always available, are difficult to negotiate and obtain, are typically subject to certain terms or limitations, including the availability of funds, and may not be sufficient to cover our losses or liabilities. If insurance coverage, customer indemnifications and / or other legal protections are not available or are not sufficient to cover risks or losses, it could have a material adverse effect on our financial position, results of operations and / or cash flows. We face other factors which could seriously disrupt our operations. Many other risk factors beyond our control could seriously disrupt our operations, including: risks relating to war, future terrorist activities, or political uncertainties; risks relating to another pandemic, natural disasters or other casualties which could shut down our domestic or foreign facilities, disrupt transportation of products or supplies, increase the costs under our self- insurance program or change the timing and availability of funding in our aerospace and defense electronics markets; risks inherent in operating abroad, including foreign currency exchange rates, adverse regulatory developments, and miscommunications or errors due to inaccurate foreign language translations or currency exchange rates; or our failure to anticipate or to adequately insure against other risks and uncertainties present in our businesses including unknown or unidentified risks. **Item 1B. Unresolved Staff Comments**