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

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Our business routinely encounters and attempts to address risks, some of which will cause our future results to differ, sometimes materially, from those originally anticipated. Below, we have described our present view of certain important risks. The risk factors set forth below are not the only risks that we may face or that could adversely affect us. If any of the risks discussed in this Annual Report on Form 10- K actually occur, our business, financial condition and results of operations could be materially adversely affected. If this were to occur, the trading price of our securities could decline significantly. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in our other filings with the SEC. ~~14Risk~~ -- **Risk** Related to Our Company and Business We have a history of losses and may not be able to achieve profitability in the future. We generated a net loss of approximately $ **3. 4 and $** 2. 9 ~~and $ 4. 4~~ million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. We also had an accumulated deficit of $ ~~46~~ **49** . ~~4~~ **8** million as of December 31, ~~2022~~ **2023** . Prior to 2020, we had not generated any profit from our business operations. While we experienced an increase of our revenue and net income in 2020, primarily due to a significant increase of demand for our products as protective measures against the spread of the COVID- 19 disease during the pandemic, such demand subsided in 2021 as the pandemic gradually came under control, which caused us to incur a net loss in 2021 **and such trend has continued** . In addition, we have been **considering** increasing our headcount and expenses to support our continued product development and planned growth, and if demand for our products declines and we are unable to sustain our recent increases in our net income, we may not be able to sustain profitability. ~~A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, including the outbreak of the novel strain of coronavirus disease,~~ COVID- 19 **has** ~~, could adversely affect our business. If a pandemic, epidemic or outbreak of an infectious disease occurs in the United States or worldwide, our business may be~~ adversely affected ~~. In December 2019~~ , ~~a novel strain of coronavirus, SARS- CoV- 2, was identified in Wuhan, China. Since then, the SARS- CoV- 2 virus, and the resulting disease, COVID- 19, has spread to most countries, and had caused the worldwide COVID- 19 Pandemic. While the demand for our products generated from the COVID- 19 Pandemic has positively impacted our financial position in 2020, it has negatively impacted our operational condition in two divisions by forcing us to implement various policies for the safety of our employees, including " work from home " policies and office social distancing policies, which may lead to lower productivity of our employees and a decrease in the innovation and advancement of our products. Beyond our own policies, numerous state and local jurisdictions have previously imposed, and others in the future may impose, " shelter- in- place " orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID- 19, which negatively affects our operations and potentially the demand for our products and services. However, these challenges will likely continue for the duration of the pandemic, which is uncertain, and may continue to negatively impact our operations. Other disruptions or potential disruptions include restrictions on the ability of our sales representatives and other personnel to travel and access customers for training and case support; disruptions in our production schedule and ability to manufacture and assemble products; delays in actions of regulatory bodies; diversion of or limitations on employee resources that would otherwise be focused on the operations of our business, including because of sickness of employees or their families or the desire of employees to avoid contact with groups of people; business adjustments or disruptions of certain third parties, including suppliers; increase in bad debts due to an~~ **and** ~~adverse impact of the pandemic on our clients' cash flows and resulting decrease in collectability of our account receivables; and additional government requirements or other incremental mitigation efforts that may further impact our or our suppliers' capacity to manufacture our products. While the potential economic impact brought by, and the duration of~~ any **resurgence** ~~pandemic, epidemic or outbreak~~ of ~~an infectious disease, including COVID- 19, may be difficult to assess or predict, the widespread~~ COVID- 19 pandemic **or another** ~~could further disrupt the~~ global **health epidemic may in the future, directly or indirectly, adversely affect our business, results of operations and** financial **condition** ~~markets, reducing our ability to access capital, which could in the future negatively affect our liquidity~~ . ~~In addition, a recession or market correction resulting from the spread of an infectious disease, including~~ COVID- 19 **has had a significant impact globally** , **prompting governments and** ~~could materially affect our business~~ **businesses** ~~for the same~~ **to take unprecedented measures in** ~~reasons~~ - **response** . **In** ~~Rapid growth may strain our internal resources, which would hamper our ability to manage our growth effectively, create operating efficiencies or sustain profitability. We previously experienced rapid growth in~~ the **United States,** ~~demand for our products and services in connection with the~~ COVID- 19 ~~Pandemic~~ **has** and ~~we~~ may **continue** ~~experience such rapid growth~~ in the future **to** , **directly** ~~which may strain our~~ - **or indirectly** ~~financial and operational resources that were established to meet a lower level of demand. Due to such rapid growth~~ , ~~we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel at the pace needed to meet the demand for our products and services. Further, the expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage our growth could delay the execution of our development and strategic objectives or disrupt our operations. Any operational disruptions may take the form of a decrease in the quality of customer service, reporting problems and delays in meeting important deadlines, all of which could result in a loss of market share and other problems that could~~ adversely affect our ~~reputation~~ **business, results of operations** and financial ~~performance~~ **condition** . **In the future, our business could be materially adversely affected, directly or indirectly, by the widespread outbreak of contagious disease. If national, state and local governments in affected regions implement safety precautions, similar to those implemented in response to COVID- 19, including quarantines, border closures, increased border controls, travel restrictions, governmental orders**

and shutdowns, business closures, cancellations of public gatherings and other measures, such precautions could, and for COVID- 19 did, disrupt normal business operations both in and outside of affected areas and could have significant negative impacts on businesses and financial markets worldwide. The impact of COVID- 19 has had, and any resurgence of the COVID- 19 pandemic or another pandemic or public health crisis, could in the future have, significant repercussions across regional, national and global economies and financial markets, and could trigger a period of regional, national and global economic slowdown or regional, national or global recessions. The outbreak of COVID- 19 in many countries adversely impacted regional, national and global economic activity and has continued to contribute to significant volatility and negative pressure in financial markets. As a result, our customers may terminate or amend their agreements for the purchase of our products and services due to bankruptcy, lack of liquidity, lack of funding, operational failures or other reasons. ~~15Our~~ **17Our** SteraMist ® family of products currently accounts for the majority of our revenue, and our success is almost completely dependent on the success of our SteraMist ® brand. Our SteraMist ® family of products is currently our primary product offering, and we are completely dependent on its success. Successfully commercializing products such as ours is a complex and uncertain process. Our commercialization efforts will depend on the efforts of our management and sales team, our third- party manufacturers and suppliers and general economic conditions, among other factors, including the following: ~~-~~ **•** the effectiveness of our marketing and sales efforts in the United States and internationally; ~~-~~ **•** our third- party manufacturers and suppliers' ability to manufacture and supply the components of our SteraMist ® products in a timely manner, in accordance with our specifications, and in compliance with applicable regulatory requirements, and to remain in good standing with regulatory agencies; ~~-~~ **•** the availability, perceived advantages, relative cost, relative safety, and relative efficacy of alternative and competing disinfection products; ~~-~~ **•** our ability to obtain, maintain, and enforce our intellectual property rights in and to our SteraMist ® products; ~~-~~ **•** the emergence of competing technologies and other adverse market developments, and our need to enhance our SteraMist ® products and / or develop new products to maintain market share in response to such competing technologies or market developments; ~~-~~ **•** our ability to raise additional capital on acceptable terms, or at all, if needed to support the commercialization of our SteraMist ® products; and ~~-~~ **•** our ability to achieve and maintain compliance with all regulatory requirements applicable to our SteraMist ® products. We have hired and trained additional sales personnel ~~to account for the increased demand for our products~~. Despite this growth in sales personnel, we expect that our additional sales force will require lead time in the field to grow their network of accounts and achieve the productivity levels we expect them to reach in any individual **vertical and or** territory. Furthermore, the use of our products will often require or benefit from direct support from us. If our sales representatives do not achieve the productivity levels, we expect them to reach, our revenue will not grow at the rate we expect, and our financial performance will suffer. We do not have long- term customer contracts, and our sales history or backlog cannot be relied upon as an indicator of our future sales. We do not have long- term contracts with any of our customers, and our sales history or backlog cannot be relied upon as a future indicator of our revenues. Our contracts and purchase commitments with customers may be canceled under certain circumstances. As a result, we are exposed to competitive price pressures on every order, and our agreements with customers do not provide assurance of future sales. Our customers are not required to make minimum purchases and may cease purchasing our products at any time without penalty. As such, our unfilled orders and previously completed sales should not be relied on as a measure of anticipated demand or future revenue. Our agreements with restoration industry specialists are not exclusive, which may allow for our competitors to sell their products and services to such specialists. Our agreements with restoration industry specialists under our TOMI Service Network program, which allows certain restoration specialists to use and sell our products, are not exclusive. This lack of exclusivity allows our competitors to sell products to the same restoration specialists, which could reduce our sales if our competitors' products are used in lieu of our products. Additionally, the use of our and our competitors' products by a restoration specialist may create market confusion between our products and the products of our competitors, which may adversely affect our brand reputation and business. Our success depends upon broad market acceptance of our technology that has not yet been achieved in the Hospital- Healthcare market. Our BIT technology as a Hospital- Healthcare disinfectant is relatively new, having received full Hospital registration for Clostridium difficile spores from the EPA in mid- 2017. Our sales are dependent upon broad market acceptance of our technology that replaces long- standing failing manual cleaning techniques such as quaternary ammonium compounds and bleach for disinfection, with our no- touch mechanical process. The failure to obtain broad market acceptance inevitably leads to substantially increased lead times for sales until our prospective customers, particularly in the Hospital- Healthcare market, are accustomed to the use of newer mechanical technology. The inability to timely meet our sales goals could adversely affect our financial condition and results of operations. ~~16We~~ **18We** are subject to a variety of risks associated with doing business internationally. We maintain significant international operations, including operations in the U. S., Canada, Mexico, Europe, Asia Pacific and Latin America. As a result, we are subject to a number of risks and complications associated with international manufacturing, sales, services, and other operations. These include: risks associated with currency exchange rate fluctuations; requirements or preferences for domestic products or solutions, which could reduce demand for our products; difficulties in enforcing agreements and collecting receivables through some foreign legal systems; unexpected legal or regulatory changes; enhanced credit risks in certain countries and emerging market regions; significant variations in tax rates among the countries in which we do business, and tax withholding obligations in respect of our earnings; exchange controls or other trade restrictions including, **constraints** ~~the impact of the COVID- 19 Pandemic~~ on our supply chain and the industries in which we operate; customs clearance and shipping delays; general economic and political conditions in countries where we operate or where end users of our products are situated ~~, including the potential implications of the COVID- 19 Pandemic~~; natural disasters, political and economic instability, including wars, terrorism and political unrest, outbreak of disease, travel, social distancing and quarantine policies, boycotts, curtailment of trade, and other business restrictions affecting our ability to manufacture or sell our products; difficulties associated with managing a large organization spread throughout various countries; difficulties in enforcing intellectual property rights or weaker intellectual property right protections in some countries; and difficulties associated with compliance with a variety of laws and regulations governing international trade. In late February 2022, Russia launched a large- scale military attack on Ukraine **, amplifying** ~~. The invasion significantly amplified~~ already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including the United States ~~. In response to the military action by Russia~~ , ~~various countries, including the United States, the United Kingdom,~~ and **resulting in global** ~~European Union issued broad- ranging economic~~ sanctions against Russia ~~. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment~~ by ~~certain~~ **various** countries ~~and~~ **, including** the **United States, the United Kingdom, and** European Union ~~to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (" SWIFT "), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions~~ . **In** ~~Additional~~ -- **addition ,** ~~sanctions may be imposed in the future. Such sanctions (and any future sanctions) and other~~ -- **the Israel- Hamas War** ~~actions against Russia may adversely impact, among other things, the Russian economy~~ and **wider Middle East geopolitical developments** ~~various sectors of the economy; result in a decline in the value and liquidity of Russian securities; result in boycotts, tariffs, and purchasing and financing restrictions on Russia' s government, companies and certain individuals; weaken the value of the ruble; downgrade the country' s credit rating; freeze Russian securities and / or funds invested in prohibited assets and impair the ability to trade in Russian securities and / or other assets; and have other adverse consequences on the Russian government, economy, companies and region. Further, several large corporations and U. S. states have announced plans to divest interests or otherwise curtail business dealings with certain Russian businesses. The ramifications of the hostilities and sanctions, however,~~ may ~~not be limited to Russia and Russian companies but may spill over to and~~ negatively impact ~~other~~ regional and global economic markets (including Europe and the United States), companies in other countries (particularly those that have done business with Russia **, Ukraine, or Israel**) and on various sectors, industries and markets for securities and commodities globally ~~, such as oil and natural gas~~ . Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies and have a negative effect on the Company' s performance. ~~In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies around the world, which may negatively impact such countries.~~ The extent and duration of ~~the~~ **these** military ~~action~~ **actions** or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant impact on the Company' s performance. If our procedures to ensure compliance with export control laws are ineffective, our business could be harmed. Our sales to foreign entities are subject to far reaching and complex export control laws and regulations in the United States and elsewhere. Violations of those laws and regulations could have material negative consequences for us including large fines, criminal sanctions, prohibitions on participating in certain transactions and government contracts, sanctions on other companies if they continue to do business with us and adverse publicity. ~~17Failure~~ -- **Failure** to comply with the U. S. Foreign Corrupt Practices Act (" FCPA "), and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences. Failure to comply with the FCPA, and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences. We face significant risks if we fail to comply with the FCPA and other anti- corruption laws that prohibit improper payments or offers of payment to foreign governments and political parties for the purpose of obtaining or retaining business. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other applicable laws and regulations. Any violation of the FCPA or other applicable anti- corruption laws could result in severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U. S. government contracting, which could have a material and adverse effect on our reputation, businesses, financial conditions, operating results and cash flows. Our operations are subject to environmental laws and regulations that may increase costs of operations and impact or limit our business plans. We are subject to environmental laws and regulations affecting many aspects of our present and potential future operations, including a wide variety of EPA labeling and other state regulatory agency requirements. For example, under the Federal Insecticide, Fungicide, and Rodenticide Act, we are required to register with the EPA and certain state regulatory authorities as a seller of disinfectants, and we are subject to EPA labeling requirements for each use that SteraMist ® is intended to address. Compliance with these laws and regulations may result in increased costs and delays as a result of administrative proceedings and certain reporting obligations. Public officials and entities may seek injunctive relief or other remedies to enforce applicable environmental laws and regulations. If we are found to not have complied with these laws and are unable to sell out products, our business and financial results will be negatively impacted. ~~Our~~ **19Our** reliance upon third- party contractors, suppliers and manufacturers for the manufacture of our products increases the risk that we will not have sufficient quantities of our products or such quantities at an acceptable cost and reduces our control over the manufacturing process. We rely upon third parties to supply us with our products. We outsource the manufacturing of our SteraMist ® line of equipment to two manufacturing companies and use contract manufacturers to build our BIT- based systems, as we do not maintain our own manufacturing facilities. If we fail to maintain relationships with our current suppliers, we may not be able to effectively commercialize and market our products, due to risks including increased product costs, limited inventory that is not capable of meeting demand and the possible misappropriation of our proprietary information, such as our trade secrets and know- how. Further, as we maintain a limited number of manufacturers for our SteraMist ® line of equipment and blenders for our SteraMist ® solutions, alternative production facilities may not be available in the event of a disruption, or if alternative production facilities are available, the number of third- party suppliers with the necessary manufacturing and regulatory expertise to produce our products at their current quality level is limited, and it could be expensive and take a significant amount of time to arrange for and qualify alternative suppliers, which could have a material adverse effect on our business. Additionally, supply chain disruptions and access to materials have impacted our suppliers' ability to deliver products to us in a timely manner ~~. In 2021, we saw significant disruptions to key supply chains that caused a delay in the delivery of batteries and molds from China. In addition, there was a shortage in the supply of bottles domestically that we use to carry our solutions. We expect such delays and shortages to continue in 2023. If these issues persist, they may further delay our ability to deliver our products and to recognize revenue. Any delay or impediment to our ability to recognize revenue for any given period could materially adversely affect our results of operations~~ . Because of our reliance upon third parties to supply us with our products, we do not have control over the manufacturing process of our third- party suppliers and are dependent on such third- party suppliers for compliance with the regulations applicable to our products. Third- party suppliers may not be able, or fail, to comply with applicable regulatory requirements, which could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, seizures or recalls, operating restrictions and criminal prosecutions, any of which could significantly and adversely harm our business and results of operations. Our results of operations could be materially harmed if we are unable to accurately forecast customer demand for our products and manage our inventory. To ensure adequate inventory supply, we must forecast inventory needs and place orders with suppliers based on our estimates of future demand for our products and services. Our limited historical experience in foreign markets and recent increase in demand in the United States may lead us to inadequately forecast such inventory needs. Further, our ability to accurately forecast demand for our products could be negatively affected by many factors, including our failure to adequately manage our expansion efforts, product introductions by competitors, an increase or decrease in customer demand for products of our competitors, our failure to accurately forecast customer acceptance of new product enhancements, unanticipated changes in general market conditions or regulatory matters, and weakening of economic conditions or consumer confidence in future economic conditions. In addition, our demand may be affected by macro- economic factors beyond our control, including the COVID- 19 pandemic, which can cause sudden and substantial increase or decrease of demand on short notice, making it more difficult to us to obtain accurate forecasts of customer demand. ~~18Inventory~~ -- **Inventory** levels in excess of customer demand may result in inventory write- downs or write- offs, which would cause our gross margin to be adversely affected and could impair the strength of our brand. Similarly, a portion of our inventory could become obsolete or expire, which could have a material and adverse effect on our earnings and cash flows due to the resulting costs associated with inventory impairment charges and costs required to replace obsolete inventory. Any of these occurrences could negatively impact our financial performance. Conversely, if we underestimate customer demand, we may not be able to deliver sufficient products to meet our customers' requirements, which could result in damage to our reputation and customer relationships. In addition, if we experience a significant increase in demand, additional supplies of raw materials or additional manufacturing capacity may not be available when required on terms that are acceptable to us, or at all, and suppliers or our third- party manufacturers may not be able to allocate sufficient resources to meet our increased requirements, which could have an adverse effect on our ability to meet customer demand for our products and our results of operations. ~~Our~~ **20Our** success depends on our ability to adequately protect our intellectual property. Our commercial success depends, in part, on our ability to obtain, maintain, defend, file new or enforce our existing patents, trademarks, trade secrets and other intellectual property rights covering our technologies and products throughout the world. We may, however, be unable to adequately preserve such rights due to a number of reasons, including the following: · our rights could be invalidated, circumvented, challenged, breached or infringed upon; · we may not have sufficient resources to adequately prosecute or protect our intellectual property rights; · upon expiration of our patents, certain of our key technology may become widely available; or · third parties may be able to develop or obtain patents for similar or competing technology. Although we devote resources to the establishment and protection of our patents and trademarks, the actions we have taken or will take in the future may not be adequate to prevent violation of our patents, trademarks and proprietary rights by others or prevent others from seeking to block sales of our products as an alleged violation of their patents, trademarks and proprietary rights. In the future, litigation may be necessary to enforce our trademarks or proprietary rights and we may be forced to defend ourselves against claimed infringement or the rights of others. Any such litigation could result in adverse determinations that could have a material adverse effect on our business, financial condition or results of operations. In addition, we rely in part upon unpatented trade secrets, unpatented know- how, and continuing technological innovation which may not yet, or may never be, patented, to develop and maintain our competitive position, which we seek to protect, in part, by confidentiality agreements with our employees **, third party manufacturers,** and consultants. We also have agreements with our employees and consultants that obligate them to assign their inventions to us. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such an agreement. In addition, if the employees and consultants who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets through such breaches or violations. To the extent that our commercial partners, collaborators, employees and consultants 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. Further, our trade secrets could otherwise become known or be independently discovered by our competitors, which would harm our business. **The risk of loss of the Company' s intellectual property, trade secrets or other sensitive business information or disruption of operations could negatively impact the Company' s financial results. The Company has sensitive information, including intellectual property, trade secrets, and other sensitive, business critical information as well as on-premises and cloud- based business applications critical to conducting business. In addition, our research and development facility uses modern computer systems. Cyber- incidents affecting the Company, its supply chain or customers could compromise confidential, business critical information, cause a disruption in the Company' s operations, harm the Company' s reputation, or endanger the environment if the Company, its suppliers or customers do not effectively prevent, detect and recover from these or other security breaches. While the Company has not encountered cyber security challenges that have materially impaired our operations or financial condition it may be the**

target of cyber security related incidents. Although management believes the Company has not experienced any cyber security related incident or losses to date related to these cyber security incidents, there can be no assurance that such losses will not be suffered in the future. The Company seeks to actively manage the risks within its control that could lead to business disruptions and cyber security incidents through a comprehensive cyber security program. As cyber security threats present themselves, the Company may be required to expend significant resources to enhance its control environment, processes, practices, and other protective measures. Despite these efforts, such events could have a material adverse effect on the Company' s business, results of operations, financial condition and cash flows. We may be unable to enforce our intellectual property rights throughout the world. As part of our growth strategy, we are ~~seeking~~ **continuing** to expand our operations internationally. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. To the extent that we have obtained or are able to obtain patents, trademarks or other intellectual property rights in any foreign jurisdictions, it may be difficult to stop the infringement of our patents, trademarks or the misappropriation of other intellectual property rights. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the availability of certain types of patent rights and enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide only limited benefit or no benefit. ~~19Proceedings~~ **21Proceedings** to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, efforts to protect our intellectual property rights in such countries may be inadequate. In addition, future changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and products and the enforcement of intellectual property. We face significant competition in our industry, some of which have longer operating histories, more established products or greater resources than we have currently. The decontamination and environmental infectious disease control industry is extremely competitive. The competition includes remediators and disinfection / decontamination companies such as Steris, Bioquell (Eco- lab) and Clorox, various **miscellaneous hydrogen peroxide companies,** ultraviolet companies and **hundreds of** quad ammonia- chemical companies. These competitors may have longer operating histories, greater name recognition, larger installed customer bases, a greater ability to provide similar products and services at a lower cost and substantially greater financial and marketing resources than us to develop new products and commercialize existing products. We believe that the principal factors affecting competition in our markets include name recognition, customer familiarity with products, effective marketing, competitive pricing strategies and the ability to receive referrals based on client confidence in the service. There are no significant barriers of entry that could keep potential competitors from opening similar facilities. Our ability to compete successfully in the industry will depend, in large part, upon our ability to market and sell our indoor decontamination and infectious disease control products and services. We may not be able to compete successfully in the remediation industry. Further, if one or more competitors successfully develops a decontamination product that is more effective, better tolerated, results in a better customer experience, is easier to use or otherwise more attractive than our products, our ability to continue to commercialize our products could be significantly and adversely affected due to a lack of ability to compete, which would have a material adverse effect on our business, financial condition and results of operations. If the quality of our products do not meet the expectations of our customers, then our brand and reputation or our business could be adversely affected. In the course of conducting our business, we must adequately address quality issues that may arise with our products, including defects in third-party components and inventory. We may not be able to eliminate or mitigate occurrences of these issues and associated liabilities. In addition, even in the absence of quality issues, we may be subject to claims and liability if the performance of products do not meet the expectations of our customers. If the quality of our products does not meet the expectations of customers, then our brand and reputation, and our ability to receive referral customer business, could be adversely affected. Our long- term growth depends, in part, on our ability to enhance, develop, market and sell new products, and if we fail to do so we may be unable to compete effectively. It is important to our business and our long- term growth that we continue to enhance and develop new products. We intend to continue to invest in research and development activities focused on improvements and enhancements to our existing intellectual property and product offerings. Our development goals include the development and commercialization of a variety of sanitizing robotic devices and backpack units. Despite our reasonable efforts, it may not be possible for us to innovate in a way to keep us competitive with other companies due to financial and time constraints which will negatively impact our business. The development and initial production and enhancement of the decontamination systems we produce is often accompanied by design and production delays and related costs. If we are unable to introduce new products on our anticipated timeframe or financial cost, our business, financial condition and results of operations may suffer due to failing to remain competitive in our market. ~~20We~~ **22We** have a limited management team size which may reduce our ability to effectively manage our business operations as it grows. Despite our current hiring efforts for non- management employees and redefining of job descriptions, we have a limited management team size. This limited management team may reduce our ability to effectively manage our business as it grows or respond to significant demand from customers. As we expand, we expect to increase the size of our management team. However, our management team may not be able to adequately manage our business, and any failure to do so could lead to a general negative impact to our business. We are dependent on our key personnel, the loss of whom could adversely affect our operations, and if we fail to attract and retain the talent required for our business, we could be materially harmed. Our success is substantially dependent on the performance of our executive officers, including our Chairman and Chief Executive Officer, Dr. Halden S. Shane, the loss of whom would have a material adverse effect on our business. We depend to a significant degree on our ability to attract, retain and motivate quality personnel. We further note that competition for highly skilled personnel is often intense. Moreover, our new sales representatives require a lengthy training process to achieve the requisite level of competency with our products. We may not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs, the failure of which would have a material adverse effect on our business. Our operations, and those of our suppliers, are subject to a variety of business continuity hazards and risks, any of which could interrupt production or operations or otherwise adversely affect our performance and results. We are subject to business continuity hazards and other risks, including natural disasters, utility and other mechanical failures, labor difficulties, inability to obtain necessary licenses, permits or registrations, disruption of communications, data security and preservation, disruption of supply or distribution, safety regulation and labor difficulties. The occurrence of any of these or other events might disrupt or shut down operations, or otherwise adversely impact the production or profitability of a particular facility, or our operations as a whole. We may also be subject to certain liability claims in the event of an injury or loss of life, or damage to property and equipment, resulting from such events. Although we maintain property and casualty insurance, as well as other forms of insurance that we believe are customary for our industries, our insurance policies include limits and, as such, our coverage may be insufficient to protect against all potential hazards and risks incident to our business. Should any such hazards or risks occur, or should our insurance coverage be inadequate or unavailable, our business, prospects, financial condition and results of operations might be adversely affected. Our products are subject to potential product liability claims which, if successful, could have a material adverse effect on our business, financial condition and results of operations. We are exposed to significant risks for product liability claims if death, personal injury or property damage results from the use of our products. While we currently maintain insurance against product liability claims, we may experience material product liability losses in the future. Our insurance coverage may not continue to be available on terms that we accept, if at all, and our insurance coverage also may not adequately cover liabilities that we incur. A successful claim against us that exceeds our insurance coverage level or that is not covered by insurance, or any product recall, could have a material adverse effect on our business, financial condition and results of operations. In addition, product liability and other claims can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. Further, claims of this nature may cause our customers to lose confidence in our products and us. As a result, an unsuccessful defense of a product liability or other claim could have a material adverse effect on our financial condition, results of operations and cash flows. The misuse of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business. Customers, technicians, or service providers could use our products in a manner that is inconsistent with the products' intended use. We train our marketing personnel and sales representatives to not promote our products for uses outside of the intended use, however, we cannot otherwise prevent all instances of misuse. Further, the marketing and sales representatives that we have hired to help meet the demand for our products may not have received proper training or have the working knowledge needed to adequately advise our customers how to safely use our products. Misuse of our products may cause an increased risk of injury to customers, which could harm our reputation in the marketplace, as well as lead to potential product liability lawsuits. ~~21We~~ **23We** may seek to grow our business through acquisitions of complementary products or technologies, and the failure to manage acquisitions, or the failure to integrate them with our existing business, could harm our business, financial condition and operating results. From time to time, we may consider opportunities to acquire other companies, products or technologies that may enhance our product platform or technology, expand the breadth of our markets or customer base, or advance our business strategies. Potential acquisitions involve numerous risks, including: problems assimilating the acquired products or technologies; issues maintaining uniform standards, procedures, controls and policies; unanticipated costs associated with acquisitions; diversion of management' s attention from our existing business; risks associated with entering new markets in which we have limited or no experience; increased legal and accounting costs relating to the acquisitions or compliance with regulatory matters; and unanticipated or undisclosed liabilities of any target. We have no current commitments with respect to any acquisition. We do not know if we will be able to identify acquisitions, we deem suitable, whether we will be able to successfully complete any such acquisitions on favorable terms or at all, or whether we will be able to successfully integrate any acquired products or technologies. Our potential inability to integrate any acquired products or technologies effectively may adversely affect our business, operating results and financial condition. The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain executive management and qualified board members. We have and likely will continue to incur significant legal, accounting and other expenses as a public company subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes- Oxley Act of 2002 (" SOX "), the Dodd – Frank Wall Street Reform and Consumer Protection Act and other applicable rules and regulations. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and will make some activities more time- consuming and costly. For example, applicable rules and regulations could make it more difficult for us to attract and retain qualified persons to serve on our board of directors (the " Board), or as executive officers. In addition, SOX requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. Our testing, or the potential subsequent testing by our independent registered public accounting firm in future periods, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 of SOX may require that we incur substantial expense and expend significant management time on compliance- related issues. Moreover, if our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline, and we could be subject to sanctions or investigations by regulatory authorities, which would require additional financial and management resources. As a result of disclosure of information, our business and financial condition are more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected. Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results. Risk Related to Our Securities Our stock price is volatile and there is a limited market for our shares. The stock markets generally have experienced, and will probably continue to experience, extreme price and volume fluctuations that have affected the market price of the shares of many small- cap companies. ~~These fluctuations have often been unrelated to the operating results of such companies and in recent times have been exasperated by investors' concerns stemming from the COVID- 19 pandemic.~~ Factors that may affect the volatility of our stock price include the following: ~~22~~ · anticipated or actual fluctuations in our quarterly or annual operating results; · our success, or lack of success, in developing and marketing our products and services; · changes in general economic, political and market conditions in or any of the regions in which we conduct our business ~~, including as a result of the COVID- 19 pandemic and related governmental responses~~ ; · changes in financial estimates by us or of securities or industry analysts; **24** · the issuance of new or updated research reports by securities or industry analysts **;** · the announcement of new products, services, or technological innovations by us or our competitors; · the announcement of new customers, partners or suppliers; · the ability to collect our outstanding accounts receivable; · changes in our executive leadership; · regulatory developments in our industry affecting us, our customers or our competitors; · competition; · actual or purported " short squeeze " trading activity; and · the sale or attempted sale of a large amount of common stock, including sales of common stock following exercises of outstanding warrants. We do not intend to pay dividends for the foreseeable future. We have not paid dividends on our common stock since inception. The continued operation and expansion of our business will require substantial funding. Accordingly, we currently intend to retain earnings, if any, for use in the business and we do not anticipate that we will pay any cash dividends on shares of our common stock for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board deems relevant. Investors seeking cash dividends should not purchase our common stock. Accordingly, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. We have a substantial number of options, warrants **, convertible notes** and convertible preferred stock outstanding, which could give rise to additional issuances of our common stock and potential dilution of ownership to existing shareholders. As of December 31, ~~2022~~ **2023** , we had outstanding **convertible note,** options, warrants and convertible preferred stock to purchase approximately an aggregate of ~~3~~ **5** . ~~3~~ **5** million shares of our common stock at exercise prices ranging from $ 0. 80 to $ ~~8~~ **6** . ~~40~~ **95** per share. Of these, approximately ~~413~~ **2, 100, 000 represent shares underlying convertible notes with an exercise price of $ 1. 25, approximately 618** , 000 represent shares underlying options with exercise prices ranging from $ 0. 80 to $ 7. 06 per share, approximately 2. 8 million represent shares underlying warrants at exercise prices ranging from $ 0. ~~80~~ **64** to $ ~~8~~ **6** . ~~40~~ **95** per share and approximately 63, 750 represent shares underlying our shares of convertible $ 0. 01 **Series A** preferred ~~A~~ stock. To the extent any holders of options, warrants or convertible preferred stock exercise the same, the issuance of shares of our common stock upon such exercise will result in dilution of ownership to existing shareholders. The trading market for our common stock will rely in part on the research and reports that securities or industry analysts publish about us and our business. If one or more of the analysts who cover us downgrades our common stock or issues other unfavorable commentary or research the price of our common stock may decline. If one or more analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause the trading price or trading volume of our common stock to decline and could result in the loss of all or part of your investment in us. Substantial future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price. Our common stock is traded on the NASDAQ Capital Market (" Nasdaq ") and, despite certain increases of trading volume from time to time, there have been periods when our common stock could be considered thinly traded, meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small. Equity or equity- related financing transactions that result in a large amount of newly issued shares that become readily tradable, or sales of significant numbers of shares by current shareholders, have placed, and in the future could place, downward pressure on the trading price of our stock. In addition, during times of lower trading volume, a shareholder who desires to sell a large number of shares of common stock may need to sell the shares in increments over time to mitigate any adverse impact of the sales on the market price of our stock. If our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could fall. Sales of a substantial number of shares of our common stock may make it more difficult for us to sell equity or equity- related securities in the future at a time and price that we deem reasonable or appropriate. In the event that the price of our stock falls, we may become involved in securities class action litigation that could divert management' s attention and harm our business. ~~23In~~ **25In** the future, we may also issue our securities if we need to raise additional capital or in connection with acquisitions. The number of shares of our common stock issued in connection with a financing or acquisition could constitute a material portion of our then- outstanding shares of our common stock. We may not be able to maintain compliance with Nasdaq' s listing standards, which could limit shareholders' ability to trade our common stock. As a listed company on the Nasdaq, we are required to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our common stock. If we fail to meet these continued listing requirements, our common stock may be subject to delisting, which could materially impact the liquidity of our common stock making it more challenging to buy and sell shares of our common stock. We are a " smaller reporting company " under the U. S. federal securities laws, and the reduced reporting requirements applicable to smaller reporting companies could make our common stock less attractive to investors. We are a " smaller reporting company " under U. S. federal securities laws. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies. Investors may not find our common stock attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Our anti- takeover provisions could prevent or delay a change in control of our company, even if such change in control would be beneficial to our shareholders. Provisions of our articles of incorporation, as amended, and amended bylaws as well as provisions of Florida law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our shareholders. These include: maintaining authorized but unissued shares of our capital stock that could be issued by our Board to increase the number of outstanding shares and thwart a takeover attempt; no provision for the use of cumulative voting for the election of directors; maintaining a staggered board, limiting the speed at which our shareholders may replace our entire Board, and limiting the ability of our shareholders to call special meetings. In addition, Florida Business Corporation Act, or FBCA, § 607. 0902 generally provides that shares acquired in excess of certain specified thresholds, without first obtaining the approval of our Board, will not possess any voting rights unless such voting rights are approved by a majority of our disinterested shareholders. Additionally, FBCA § 607. 0901 requires that, subject to certain exceptions, any affiliated transaction with a shareholder that owns more than 15 % of the voting shares of the corporation, referred to as an " interested shareholder, " receive the approval of either the corporation' s disinterested directors or a supermajority vote of disinterested shareholders, or, absent either such approval, that a statutory " fair price " be paid to the shareholders in the transaction. The shareholder vote requirement is in addition to any shareholder vote required under any other section of the FBCA or our articles of incorporation, as amended. The concentration of our common stock ownership with our executive officers, directors and affiliates will limit your ability to influence corporate matters. Our executive officers, directors and owners of 5 % or more of our outstanding common stock and their respective affiliates beneficially owned, in the aggregate approximately ~~22~~ **23** . ~~6~~ **5** % of our outstanding common stock as of ~~February 25~~ **March 7** , ~~2022~~ **2024** . This percentage includes outstanding shares of common stock, convertible preferred stock, warrant and stock options that are vested and exercisable as of that date. These shareholders will therefore have significant influence over management and affairs and over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets, for the foreseeable future. This concentrated control will limit our shareholders' ability to influence corporate matters and, as a result, we may take actions that our shareholders do not view as beneficial. This ownership could negatively affect the value of our common stock. There can be no assurance that we will be able to regain and maintain compliance with continued listing standards of the Nasdaq Capital Market. The Nasdaq Capital Market' s continued listing standards for our common stock require, among other things, that (i) we maintain a closing bid price for our common stock of at least $ 1. 00, and (ii) we maintain: (A) stockholders' equity of $ 2. 5 million; (B) market value of listed securities of $ 35 million; or (C) net income from continuing operations of $ 500, 000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years. Any failures to satisfy any continued listing requirements could lead to the receipt of a deficiency notice from the Nasdaq and ultimately to a delisting from trading of our common stock. ~~24On~~ **26On** ~~October 7~~ **February 4** , ~~2022~~ **2024** , we received a deficiency letter notifying us that we had not maintained a closing bid price for our common stock of at least $ 1. 00 for a 30- day period. In accordance with Nasdaq rules, we have been provided an initial period of 180 calendar days, or until ~~April 5~~ **August 15** , ~~2023~~ **2024** (the " Compliance Date "), to regain compliance with the bid price requirement. If we do not regain compliance with the bid price requirement by the Compliance Date, we may be eligible for an additional 180 calendar day compliance period ~~. If we do not regain compliance with the bid price requirement by April 5~~ , **otherwise** ~~2023 and are not eligible for an additional compliance period at that time,~~ our common stock will be subject to delisting from the Nasdaq Capital Market. We cannot be certain that we will be able to regain compliance and then maintain compliance with the minimum bid price and the other standards in order to maintain a listing of our common stock on the Nasdaq Capital Market. If our common stock were delisted from the Nasdaq Capital Market, among other things, this could result in a number of negative implications, including reduced liquidity in our common stock as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws as well as the potential loss of confidence by suppliers, customers and employees, institutional investor interest, fewer business development opportunities, greater difficulty in obtaining financing and breaches of certain contractual obligations.