

## Risk Factors Comparison 2025-02-27 to 2024-02-29 Form: 10-K

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

Investing in our common stock involves a high degree of risk. In addition to the other information set forth in this Annual Report, you should carefully consider the following factors, which could materially affect our business, financial condition and results of operations in future periods. The risks described below are not the only risks we face. Additional risks not currently known to us may adversely affect our business, financial condition or results of operations in future periods. Risks Related to Our Customers, Industry and Competition and Vendors • **Negative industry and macroeconomic conditions impacting our customers or us may materially and adversely impact our business, financial condition and results of operations.** • Our Commercial Services and Government Solutions segments have customer concentration that could have a material adverse effect on our business. • **Our contract with NYCDOT, which comprises a material portion of our revenue, expired on December 31, 2024, and we are presently participating in a competitive procurement for a new NYCDOT automated enforcement program contract. We extended our current contract with NYCDOT through December 31, 2025 to allow NYCDOT to continue to operate its automated enforcement program until the competitive procurement process is completed. There can be no assurance that we will be successful in winning the competitive procurement. If we are not successful in winning the competitive procurement for a new contract with NYCDOT, or if we win the competitive procurement at materially different terms and pricing as our current contract, it would have a material adverse effect on our business, financial condition and results of operations.** • Our government contracts are subject to unique risks and uncertainties, including termination rights, delays in payment, audits and investigations, any of which could have a material adverse effect on our business. • Any decreases in the prevalence or political acceptance of, or an increase in governmental restrictions regarding, automated and other similar methods of photo enforcement, the use of third- party tolling and violations processing service providers, the ability to charge service or other fees to customers for services provided, could have a material adverse effect on our business. • **Risks Related to Our Acquisitions Our inability..... risks. Risks Related to Our Vendors** Our reliance on specialized third- party providers could have a material adverse effect on our business. Risks Related to Our Acquisitions • Our inability to successfully implement our acquisition strategy could have a material adverse effect on our business. Risks Related to Data Privacy and Cybersecurity • A failure in or breach of our networks or systems, including as a result of cyber- attacks, could have a material adverse effect on our business. Risks Related to our International Operations • Our international operations expose us to additional risks, and failure to manage those risks could have a material adverse effect on our business. Risks Related to Our Intellectual Property • Failure to acquire necessary intellectual property or adequately protect our intellectual property could have a material adverse effect on our business. Risks Related to Our Indebtedness • Our substantial level of indebtedness could cause our business to suffer and incurring additional debt could intensify debt- related risks. **Risks Related to Our Vendors** Due to the risk factors discussed below, as well as other factors affecting our business, operating results, financial condition, financial performance or prospects, our past financial performance should not be considered to be a reliable indicator of our future performance, and investors should not use historical trends to anticipate results or trends in future periods. **Negative industry and macroeconomic conditions impacting our customers or us may materially and adversely impact our business, results of operations and financial condition. We provide smart mobility technology solutions to customers in our Commercial Services, Government Solutions and Parking Solutions business segments. Accordingly, the demand for our products in the past has been, and in the future may be, impacted by industry and macroeconomic trends and conditions impacting our customers, including seasonality, demand for business and leisure travel, reductions in the level of air travel, higher airfare costs, energy shortages and cost increases, international, national and local economic conditions and cycles, as well as other factors affecting travel levels, such as military conflicts, terrorist incidents, natural disasters and epidemic diseases. For example, our Commercial Services segment may be impacted by travel demand and extreme weather events which may impact overall travel demand in the United States. Our Government Solutions segment may be impacted to the extent our customers experience a reduction in political acceptance of or additional government restrictions on automated safety programs. Our Parking Solutions segment may be impacted to the extent our customers see an increase in usage of public transportation or rideshare, either of which may cause a decrease in parking usage. Furthermore, uncertain economic conditions may make it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. Government actions and regulations, such as tariffs and trade protection measures, may negatively impact our business. Political challenges between the United States and countries in which we operate, and changes to trade policies, including tariff rates and customs duties, trade relations between the United States and those countries and other macroeconomic issues could adversely impact our business. The United States administration has announced tariffs on certain products imported into the United States, and some countries have imposed tariffs in response to the actions of the United States. There is also a possibility of future tariffs, trade protection measures or other restrictions imposed by the United States or other countries. In addition, consumer spending and activities may be materially adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, declines in income or asset values, energy prices, labor and healthcare costs and other economic factors, all of which may have a negative effect on our business and results of operations. Additionally, uncertainty about, or a decline in, global or regional economic conditions may have a significant impact on our suppliers,**

manufacturers, logistics providers, distributors and other partners. Potential effects on our suppliers and partners include financial instability, inability to obtain credit to finance operations, and insolvency. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, inflation, financial and credit market fluctuations, international trade relations, pandemics, political turmoil, natural catastrophes, warfare, and terrorist attacks on the United States or elsewhere, could negatively affect customer demand and the growth of our business. Our Commercial Services and Government Solutions segments have several large customers, including the NYCDOT, that account for a significant portion of our revenue, and a reduction in demand or loss of one or more of such customers could have a material adverse effect on our business. Our business experiences varying levels of customer concentration. For example, our Commercial Services segment is dependent on certain key customers, including those in the RAC industry, such as Avis Budget Group, Inc., Enterprise Mobility and The Hertz Corporation. The health of the three RAC industry customers accounted for 36.0% and 35.8% of our total revenue for the years ended December 31, 2024 and 2023, respectively. If any of these customers were to reduce their demand, the demand fluctuates, or one of more of these customers terminates their agreements with us, it would have a material adverse impact on our business by a variety of factors, including seasonality, increases in energy prices, general international, national and local economic conditions and cycles, as well as other factors affecting travel levels, such as military conflicts, terrorist incidents, natural disasters and epidemic diseases. We also experience customer concentration in our Government Solutions segment. The New York City Department of Transportation ("NYCDOT") represented approximately 15.8% and 16.9% of our total revenues during fiscal the years ended December 31, 2024 and 2023, respectively, and our 17.2% and 18.3% of total accounts receivable, net as of December 31, 2024 and 2023, respectively. Our contract with NYCDOT expired on December 31, 2024, and we are presently participating in a competitive procurement for a new NYCDOT automated enforcement program contract. We extended our current contract with NYCDOT through December 31, 2025 to allow NYCDOT to continue to operate its automated enforcement program until the competitive procurement process is completed. However, subject to unique risks and uncertainties, including termination rights, delays there is no assurance that we will be successful in winning the competitive procurement for the new automated enforcement contract. If we are unable to win payment and audits and investigations the competitive procurement for a new contract with NYCDOT, any of which or if we win the competitive procurement at materially different terms and pricing as our current contract, it could have a material adverse effect on our business. Unless extended, our contract with NYCDOT expires December 31, 2024, and we anticipate that the next contract for the NYCDOT photo safety program will be subject to competitive procurement. In the future, we may continue to rely on a small number of customers in our Government Solutions segment to represent a significant portion of our total revenues in any given period. The loss of any of our top Government Solutions customers could have a material adverse effect on our business, financial condition and results of operations. We enter into government contracts from time to time with customers that are subject to various uncertainties, restrictions and regulations, which could result in withholding or delay of payments to us. For example, as of December 31, 2023-2024, NYCDOT had an open receivable balance of \$36.35 million, which represented 18.17% of our total accounts receivable, net. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding or at their convenience. Furthermore, we may be required to perform work under expired or terminated government contracts and may be restricted from recognizing revenue from such contracts. Changes in government or political developments, including administrative hurdles, constitutional challenges, budget deficits, shortfalls or uncertainties, government spending reductions or other debt or funding constraints, could result in our government contracts being reduced in price or scope or terminated altogether, as well as limit our ability to win new government work in the future. Moreover, if a government customer does not follow the requisite procurement or ordinance-specific administrative procedures, the contract may be subject to protest or voidable regardless of whether we bear any responsibility for the error. Our government contracts are subject to underlying laws and regulations related to government contractors, and often include other one-sided, customer-friendly provisions and certifications, including broad indemnification provisions and uncapped exposure or liquidated damages for certain liabilities, which can impose obligations, requirements and liabilities on us that are beyond those associated with a typical commercial arrangement. We may also be subject to differing or contrary policy preferences or requirements among our government customers which could result in a loss of government customers if we are unable to satisfy such potential differing requirements or preferences to the satisfaction of such customers. In addition, government contracts are generally subject to audits and investigations by government agencies or higher-tier government contractors. If improper or illegal activities or contractual non-compliance are identified, including improper billing or vendor non-compliance, we may be subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, the imposition of fines, penalties and sanctions, and suspensions or debarment from doing business for or on behalf of the government in the future. For example, in 2020, after we discovered issues in our system installation practices under our agreement with NYCDOT, NYCDOT investigated the matter and we undertook significant efforts to remediate past installations. If penalties or other restrictions are imposed in one jurisdiction, they could also implicate similar provisions of contracts with other government customers in other jurisdictions. Further, the negative publicity related to these penalties, sanctions or findings in government audits or investigations could harm our reputation and hinder our ability to compete for new contracts with government customers and in the private sector. Any of the foregoing or any other reduction in revenue from government customers could have a material adverse effect on our business, financial condition and results of operations. Any decreases in the prevalence or political acceptance of, or an increase in governmental restrictions regarding, automated and other similar methods of photo enforcement, the use of third-party tolling service

providers or the ability to charge service or other fees to customers for services provided, could have a material adverse effect on our business. Our Government Solutions segment provides automated safety solutions to national, state and local government agencies, generating revenues through automated photo enforcement of red- light, school bus, speed limit and bus lane laws. We sometimes make significant capital and other investments to attract and retain these contracts, such as the cost of purchasing information technology equipment, constructing and installing photo enforcement systems and developing and implementing software and labor resources. In ~~2023-2024~~, revenues from this segment represented approximately ~~44~~ ~~43.9~~% of our total revenues. Therefore, we depend on national, state and local governments authorizing the use of automated photo enforcement and not otherwise materially restricting its use. In states that have enabling legislation, if that legislation is amended, not renewed or is otherwise repealed, use of automated enforcement technology can be suspended until new legislation is passed. **In** ~~For example, in~~ 2022, a North Carolina court of appeals issued a ruling limiting the ability of local authorities to make certain decisions with respect to funding automated enforcement programs, impacting the viability of automated enforcement in impacted jurisdictions. Ballot initiatives, referendums, opinions of attorneys general and legal challenges can also be used to restrict the use of automated enforcement or to impose additional licensing requirements on its use. For example, the Attorneys General in the states of Arizona, Tennessee and Virginia have issued opinions that had the effect of limiting the use of these enforcement technologies or impacting the manner in which photo enforcement programs operate. Usage may also be affected if there is an unfavorable shift in political support for, or public sentiment towards, automated enforcement, or as a result of one or more scandals related to its use. Similarly, our Commercial Services business may be materially impacted if there is an unfavorable shift in political support for or public sentiment towards tolling or its use is materially restricted or limited, including through the imposition of limits on the fees RAC companies can charge their customers for tolling or violation processing services. Any material restriction or limitation on the use of automated enforcement or material reduction in its use in the markets we serve, or any similar changes with respect to tolling, could have a material adverse effect on our ability to recoup our investments, and negatively impact our business, financial condition and results of operations. Further, our relationships and commercial account agreements with tolling authorities, issuing authorities, motor vehicle departments and other governmental agencies significantly enhances and enables our service offerings, and changes in those relationship or agreements could significantly adversely impact our business. We face intense competition and any failure to keep up with technological developments, changing customer preferences and new laws and policies could have a material adverse effect on our business. The markets for our solutions are increasingly competitive, rapidly evolving and fragmented, and are subject to changing technology, shifting customer needs, contract renewals and new laws and policies. A number of vendors develop and market products and services that compete to varying extents with our offerings, and we expect this competition to intensify. The rapid rate of technological change in our industry could increase the chances that we will face competition from new products or services designed by companies that we do not currently compete with. **This includes advancements in the area of self-driving cars which may significantly reduce the frequency of vehicles illegally running red lights or exceeding posted speed limits. This also includes AI tools, which may allow for new or more efficient competing solutions.** Moreover, we face competition from our own customers as they may choose to invest in developing their own internal solutions. Some of our existing competitors and potential new competitors have longer operating histories, greater name recognition, less debt, more established customer bases ~~and or~~ significantly greater financial, technical, research and development, marketing and other resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies **(including AI)**, standards or customer requirements. In some cases, our competitors may be better positioned to initiate or withstand substantial price competition, and we may have to reduce our pricing to retain existing business or obtain new business. If we are not able to maintain favorable pricing for our solutions, our profit margin and profitability could suffer. In addition, if a prospective customer is currently using a competing solution, the customer may be unwilling to switch to our solution without setup support services or other incentives. Certain existing and new competitors may be better positioned to acquire competitive solutions, develop new solutions, modify existing solutions, effectively negotiate third- party licenses and other strategic relationships, and take advantage of acquisition or other similar expansion opportunities. Any failure to achieve our target pricing levels, maintain existing customer relationships, generate additional customer wins or otherwise successfully compete would have a material adverse effect on our business, financial condition and results of operations. Our new products and services and changes to existing products and services may not succeed. Our ability to retain, increase and engage our customer base and to increase our revenue depends, in large part, on our ability to continue to evolve existing solutions and to create successful new solutions. We may introduce significant changes to our existing solutions or acquire or introduce new and unproven products and services, including using technologies **(such as AI)** or entering markets or industries in which we have little or no experience. For example, as Government Solutions customers increase their requirements related to data security, privacy and IT architecture, ~~we significant effort and expense~~ may be ~~unable~~ **required** to develop new solutions to keep up with increasing requirements, **and our efforts may not be entirely successful. Modifications or developments can be costly, may be restricted by regulatory requirements, involves significant research, development, time, expense and human capital and may not necessarily result in the successful commercialization or adoption by customers as expected.** The failure of any new or enhanced solution to achieve customer adoption or our failure to otherwise successfully monetize our development efforts could have a material adverse effect on our business, financial condition and results of operations. Further, changes to the hardware solutions we offer to our government customers may require certification by a government agency, and failure to achieve such certification may result in an inability to **sell or** operate photo enforcement systems in a particular jurisdiction. Any failure to evolve existing solutions or create new successful solutions could have a material adverse effect on our business, financial condition and results of operations. **The use or integration of AI tools and technologies into existing and new solutions may present novel risks and challenges that could adversely affect our business. We are evaluating AI tools for, among other things, software development and back- end processing functions.**

**In addition, our vendors may incorporate AI tools into their services and deliverables, at times without disclosing this to us, and the providers of such AI tools may not meet existing or rapidly evolving regulatory or industry standards with regard to privacy, security, IP, and data protection. Uncertainty in the regulatory environment related to AI may require significant resources to modify and maintain business practices to comply with applicable law, the nature of which continues to evolve and may prevent or limit our ability to use AI in our business, lead to regulatory fines or penalties, or require us to change our business practices. If we cannot use AI, or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage, which could adversely affect our business. Additionally, investments in AI may not realize the benefits that were anticipated.** We regularly pursue contracts and contract renewals that require competitive bidding, which can involve substantial costs and could have a material adverse effect on our business. Many of the contracts and renewals for which we bid, particularly those for certain larger government customers, are extremely complex and require the investment for significant resources in order to prepare accurate bids and proposals. Further, a significant percentage of new customer growth opportunities and contract renewals or extensions in our business segments are only accessible through competitive bidding. Competitive bidding imposes substantial costs and presents several risks, including significant time and effort and the commitment of resources, regardless of whether the **job contract** is ultimately won. **For example, we invested significant time and resources to prepare our response for the competitive procurement for the new NYCDOT automated enforcement program contract.** We may also be unable to meet the requirements of a solicitation or may have to incur substantial costs to be able to do so. These and other unanticipated costs related to the competitive bidding process, including advancing or defending bid protests, and any failure to win renewals or new customer accounts through the competitive bidding process, **could have a material adverse effect on our business, financial condition and results of operations.** Our failure to properly perform under our contracts or otherwise satisfy our customers could have a material adverse effect on our business. Our business model depends in large part on our ability to retain existing work and attract new work from existing customers. If a customer is not satisfied with our products, services or solutions or the timeliness or quality of our work, we may incur additional costs to address the problem, the profitability of that contract may be impaired, we may experience payment delays, it could do harm to our reputation and hinder our ability to win new work from prospective customers. Failure to properly transition new customers to our systems or existing customers to our different systems, properly budget transition costs or accurately estimate contract costs could also result in delays and general customer dissatisfaction. Many of our contracts may be terminated by the customer upon specified advance notice without cause. Any failure to properly perform under our contracts or meet our customers' expectations **could have a material adverse effect on our business, financial condition and results of operations.** could have a material adverse effect on our business, financial condition and results of operations. We have grown in large part as a result of our acquisitions, and we anticipate continuing to grow in this manner. Although we expect to regularly consider additional strategic transactions in the future, we may not identify suitable opportunities or, if we do identify prospects, it may not be possible to consummate a transaction on acceptable terms. **Antitrust or other competition laws or foreign investment controls** may also limit our ability to acquire or work collaboratively with certain businesses or to fully realize the benefits of a prospective or completed acquisition. Furthermore, a significant change in our business or the economy, an unexpected decrease in our cash flows or any restrictions imposed by our indebtedness may limit our ability to obtain the necessary capital or otherwise impede our ability to complete a transaction. Regularly considering strategic transactions can also divert management's attention and lead to significant due diligence and other expenses regardless of whether we pursue or consummate any transaction. Failure to identify suitable transaction partners and to consummate transactions on acceptable terms, as well as the commitment of time and resources in connection with such transactions, could have a material adverse effect on our business, financial condition and results of operations. The inability to successfully integrate our recent or future acquisitions could have a material adverse effect on our business. We have integrated, and may in the future integrate, certain acquired businesses into our existing operations, which requires significant time and exposes us to significant risks and additional costs. Further, we may have difficulty integrating the operations, systems, controls, procedures or products of such acquired businesses and may not be able to do so in a timely, efficient and cost-effective manner. These difficulties could include **but are not limited to:** • combining management teams, strategies and philosophies; • merging or linking different accounting and financial reporting systems and systems of internal controls; • assimilating personnel, human resources and other administrative departments and potentially contrasting corporate cultures; • merging computer, technology and other information networks and systems; • disrupting our relationship with or losing key customers, suppliers or personnel; and • interference with, or loss of momentum in, our ongoing business or that of the acquired business. Any integration-related issues could cause significant disruption to our business, divert the attention of management and lead to substantial additional costs and delays. For example, between February 2022 and April 2022, our Audit Committee devoted significant time and resources into an accounting investigation of Redflex Holdings Limited, **an a recently** acquired subsidiary, and we were unable to timely file our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Our inability to successfully integrate acquired businesses could have a material adverse effect on our business, financial condition and results of operations. Any failure to realize the anticipated benefits of an acquisition, including unanticipated expenses and liabilities related to acquisitions, could have a material adverse effect on our business. We pursue each acquisition with the expectation that the transaction will result in various benefits, including growth opportunities and synergies from increased efficiencies. However, we may not realize some or all of the anticipated benefits of our acquisitions within our anticipated timeframes or at all. Furthermore, we may experience increased competition that limits our ability to expand our business, we may not be able to capitalize on expected business opportunities, and general industry and business conditions may deteriorate. Acquisitions also expose us to significant risks and costs, and business and operational overlaps may lead to hidden costs. These costs can include unforeseen pre-acquisition liabilities, the impairment of customer relationships **or**, acquired assets **such as**, **or** goodwill, or exposure to oversight, operational and business control risks associated with a newly acquired business. We may also incur costs and inefficiencies to

the extent an acquisition expands the industries, markets or geographies in which we operate due to our limited exposure to and experience in a given industry, market or region. Significant acquisitions may also require us to incur additional debt to finance the transactions, which could limit our flexibility in using our cash flow from operations for other purposes. Acquisitions often involve post- transaction disputes with the counterparty regarding a number of matters, including disagreements over the amount of a purchase price or other working capital adjustment or disputes regarding whether certain liabilities are covered by the indemnification provisions of the transaction agreement. We may underestimate the level of certain costs or the exposure we may face as a result of acquired liabilities. If any of these or other factors limit our ability to achieve the anticipated benefits of a transaction, or we encounter other unexpected transaction- related costs and liabilities, our business, financial condition and results of operations could be materially and adversely affected.

**Our goodwill has been subject to impairment and may be subject to further impairment in the future, which could have a material adverse effect on our results of operations, financial condition, or future operating results. We perform a goodwill impairment test for each reporting unit annually, or more frequently if indicators for potential impairment exist. Indicators that are considered include significant changes in performance relative to expected operating results, significant negative industry or economic trends, or a significant decline in our stock price and / or market capitalization for a sustained period of time. In addition, we assess the current and future economic outlook for our reporting units during the fiscal year. While we believe the assumptions used in determining whether there was impairment and the amount of any resulting impairment were reasonable and commensurate with the views of a market participant, changes in key assumptions in the future, including increasing the discount rate, lowering forecasts for revenue and operating margin, or lowering the long- term growth rate, could result in additional charges; similarly, one or more changes in these assumptions in future periods due to changes in circumstances could result in future impairments in one or more reporting units. We have incurred impairment charges in the current period, and we cannot predict if or when additional future goodwill impairments may occur. We recorded a \$ 97.1 million impairment to goodwill in our Parking Solutions segment during fiscal year 2024, which is presented in a separate line item on the consolidated statements of operations. This was in connection with our 2024 assessment of goodwill impairment where the Parking Solutions reporting unit' s carrying value exceeded the estimated fair value. Any future goodwill impairments could have material adverse effects on our operating income, net assets, or our cost of, or access to, capital, which could harm our business. See Note 2, Significant Accounting Policies, in Item 8, Financial Statements and Supplementary Data, for additional information.**

We act as a trusted business partner in both front office and back office platforms, interacting with our customers and other third parties. Our customers include large, multinational corporations and government agencies who depend upon our operational efficiency, non- interruption of service, and accuracy and security of information. We receive, process, transmit and store substantial volumes of information relating to identifiable individuals, both in our role as a back- end or direct- to- consumer service provider and as an employer, and receive, process and implement financial transactions, and disburse funds, which requires us to receive debit and credit card information. We also use third- party providers such as subcontractors, software vendors, utility providers and network providers, upon whom we rely ,to offer our products, services and solutions. As a result of these and other aspects of our business, the integrity, security and accuracy of our systems and information technology, and that of the third parties with which we interact, including our customers and other government agencies with which we work, are extremely important. Our cybersecurity and processing systems, as well as those of the third parties with which we interact, may be damaged, disrupted or otherwise breached for a number of reasons, including power outages, computer and telecommunication failures, computer viruses, malware or other destructive software, internal design, manual or usage errors, cyber- attacks, terrorism, workplace violence or wrongdoing, catastrophic events, natural disasters and severe weather conditions. Our visibility and role as a processor of transactions containing personally identifiable information may also put us at a greater risk of being targeted by hackers. In the normal course of our business, we have been the target of malicious cyber- attack attempts.

**We have in place insurance designed to provide coverage in connection with cybersecurity breaches, provided, however, that such insurance coverage may be insufficient to cover all insured losses or all types of claims that may arise.**

In addition, numerous and evolving cybersecurity threats, including advanced and persistent cyber- attacks, phishing and social engineering schemes could compromise our systems and the confidentiality, availability and integrity of data in our systems, as well as the systems and data of the third parties with which we interact. The security measures and procedures we and the third parties with which we interact have in place to protect sensitive consumer data and other information may not be successful or sufficient to counter all data breaches, cyber- attacks, or system failures. Further, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of security measures or a system breach. Although we devote significant resources to our cybersecurity programs and have implemented security measures to protect our systems and data, and to prevent, detect and respond to data security incidents, in each case that we believe are reasonable and appropriate, these efforts, and the efforts of third parties with which we interact, may not prevent these or other threats. Moreover, because the techniques used to obtain unauthorized access, or to disable or degrade systems change frequently, have become increasingly more complex and sophisticated, and may be difficult to detect for periods of time, we and the third parties with which we interact may not anticipate these acts or respond adequately or timely. As these threats continue to evolve and increase, we may be required to devote significant additional resources in order to modify and enhance our security controls and to identify and remediate any security vulnerabilities or **conduct due diligence of** those of third parties. If we are sued in connection with any data security breach or system failure, we could be involved in protracted litigation. In addition, a breach could lead to unfavorable publicity and significant damage to our brand, the loss of existing and potential customers, allegations by customers that we have not performed or have breached our contractual obligations, or decreased use and acceptance of our solutions. A breach or failure may also subject us to additional regulations or governmental or regulatory scrutiny, which could result in significant compliance costs, fines or enforcement actions, or potential restrictions imposed by regulators on our ability to operate our

business. A security breach would also likely require us to devote significant management and other resources to address the problems created by the security breach. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. We are subject to laws and regulations of the United States and foreign jurisdictions relating to personal information, privacy and data security, and failure to comply with these laws and regulations, whether or not inadvertent, could have a material adverse effect on our business. Personal information is used both as part of our business and in our role as an employer. In addition, as part of our Government Solutions, Commercial Services and Parking Solutions businesses, we process other data which may be considered personal information or sensitive personal information in certain jurisdictions, such as photographs and video recordings. As a result, we are subject to various laws and regulations regarding personal information, privacy and data security, including those promulgated by the United States federal government and its agencies, and state, local and foreign governments, agencies, and public authorities. ~~Our~~ **In addition, our handling of** personal information ~~handling also~~ is subject to our published privacy policies and notices, contractual obligations and industry standards. Laws, regulations and industry standards relating to privacy are rapidly evolving, can be subject to significant change and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. These laws and regulations may also be subject to new or different interpretations. For example, in June 2018, California enacted the CCPA, which took effect on January 1, 2020. The CCPA was amended and expanded (including to apply to employee and business-to-business data) by the California Privacy Rights Act, which took effect on January 1, 2023. The CCPA created several new obligations for companies which process personal information. It also gives California residents expanded rights to access, delete and obtain a copy of their personal information; opt out of certain personal information disclosures; and receive detailed information about how their personal data is processed. The law provides for civil penalties against companies that fail to comply. Several other states have enacted privacy laws ~~-. These states including include~~ Virginia (effective January 1, 2023); Colorado and Connecticut (both effective July 1, 2023); Utah (effective December 31, 2023); Oregon, Texas, and Florida (all effective July 1, 2024); Montana (effective October 1, 2024); Delaware **, Nebraska, New Hampshire,** and Iowa ( ~~both all~~ effective January 1, 2025); New Jersey (effective January 16, 2025); Tennessee (effective July 1, 2025); **Minnesota (effective July 31, 2025); Maryland (effective October 1, 2025);** and Indiana **, Kentucky, and Rhode Island** ( ~~all~~ effective January 1, 2026). Additional states have introduced privacy bills, and Congress has considered several privacy bills at the federal level. Regulations implementing the CCPA and Colorado have also been published, though many questions remain as to how all of the new statutes will be interpreted and enforced. In addition, the FTC uses its consumer protection authority to initiate enforcement actions against companies relating to their use and disclosure of personal information, particularly in response to actual or perceived unfair or deceptive acts or practices. Various U. S. state laws and regulations may also require us to notify affected individuals and state agencies in the event of a data breach involving personal information. Penalties for failure to adequately protect personal information, notify as required, or provide timely notice vary by jurisdiction. In the United States, most state data breach notification laws consider violations to be unfair or deceptive trade practices and give the relevant state attorneys general the authority to levy fines or bring enforcement actions. Some laws, such as the CCPA, also grant affected individuals a private right of action for certain data breaches **, with the CCPA also providing for statutory damages**. Class action lawsuits against companies which experience a data breach involving personal information are also **increasingly common and for larger awards**. Foreign laws concerning personal information, privacy and data security may be more restrictive and burdensome than those of the United States. Given that data is highly mobile and transferable, many data protection and privacy laws of foreign nations seek to have wide extraterritorial jurisdiction over conduct occurring outside geographical boundaries of the relevant jurisdiction. For example, ~~on May 25, 2018, the GDPR replaced the 1995 Data Protection Directive. The~~ GDPR extends the scope of E. U. data protection law to non- E. U. companies processing data of E. U. residents when certain conditions are satisfied. The GDPR contains numerous, more stringent requirements and changes from prior E. U. law, including more robust privacy and compliance obligations for both companies and their service providers, greater rights for individuals, heavier documentation requirements for data protection compliance programs, restrictions on transfers of personal data to non- E. U. countries, and prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances. The GDPR fine framework can be up to **€ 20 million Euros**, or up to 4 % of the company's total global turnover of the preceding fiscal year, whichever is higher. Further, our customers, through contractual requirements, could require us to comply with certain of these stringent requirements regardless of whether our business is actually subject to the GDPR. The costs could be high and deadlines short for compliance with these privacy- and data security- related laws, regulations, contractual requirements and industry standards, each of which may limit our ability to compete for new business, do business with certain government agencies, including our existing customers, or continue to access certain data, and may limit the use or adoption of our smart mobility technology solutions and services, reduce overall demand for our solutions and services, slow the pace at which we generate revenue, subject us to fines or penalties, or cause us to breach contractual commitments to our customers. As these laws, regulations, and standards continue to develop in the United States and internationally, we may be required to expend significant time and resources in order to update existing processes or implement additional mechanisms as necessary to ensure compliance. Moreover, if our policies, procedures or measures relating to these issues fail to comply, or regulators assert we have failed to comply, with applicable laws, regulations or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, algorithmic disgorgement, the inability to use previously- collected personal information or the inability to collect new personal information, other penalties and negative publicity, and our application providers, customers and partners may lose trust in or stop doing business with us entirely. We expect that there will continue to be new proposed laws, regulations and industry standards concerning personal information, privacy and data retention in the United States, the E. U. and other jurisdictions, and we cannot yet determine the impact of such future laws, regulations and industry standards may have on our business. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. We are subject to domestic and foreign laws

relating to processing certain financial transactions, including debit or credit card transactions, and failure to comply with those laws, even if inadvertent, could have a material adverse effect on our business. We process, support and execute financial transactions as part of our business and disburse funds on behalf of certain of our customers. This activity includes receiving debit and credit card information, processing payments for and due to our customers and disbursing funds on payment or debit cards to payees of our customers. As a result, we may be subject to numerous U. S. federal and state and foreign jurisdiction laws and regulations, including the Electronic Fund Transfer Act, the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act) and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “ Patriot Act ”). We have implemented policies and procedures to preserve and protect credit card and other payment data against loss, corruption, misappropriation caused by systems failures, unauthorized access or misuse. Notwithstanding these policies and procedures, we could be subject to liability claims by individuals and customers whose data resides in our databases for the misuse of that information. If we fail to meet appropriate compliance levels, this could negatively impact our ability to utilize credit cards as a method of payment, or collect and store credit card information, which could disrupt our business. Failure to comply with these laws may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines or criminal prosecution, unfavorable publicity, restrictions on our ability to process and support financial transactions and allegations by customers that we have not performed our contractual obligations, any of which could have a material adverse effect on our business, financial condition and results of operations.

**Risks Related to Human Capital Management** We depend on the services of key executives and any inability to attract and retain key management personnel could have a material adverse effect on our business. Our future success depends upon the continued services of our executive officers, including our Chief Executive Officer and Chief Financial Officer, who have critical experience and relationships that we rely on to implement our business plan and growth strategy. Additionally, as our business grows, we may need to attract and hire additional management personnel. We have employment agreements with some members of senior management that include non- competition provisions ; however, we cannot prevent our executives from terminating their employment and may not be able to fully enforce non- competition provisions limiting former executives or key personnel from competing with us following any departure. Moreover, we do not carry “ key- man ” life insurance on the lives of our executive officers, employees or advisors. Our ability to retain our key management personnel or to identify and attract additional management personnel or suitable replacements should any members of the management team leave or be terminated is dependent on a number of factors, including the competitive nature of the employment market and our industry. Any failure to retain key management personnel or to attract additional or suitable replacement personnel could cause uncertainty among investors, employees, customers and others concerning our future direction and performance and could have a material adverse effect on our business, financial condition and results of operations. A failure to attract and retain necessary skilled personnel and qualified subcontractors could have a material adverse effect on our business. Our business depends on highly skilled technical, managerial, engineering, sales, marketing and customer support personnel and qualified and competent subcontractors. Competition for these personnel is intense. Any failure to attract, hire, assimilate in a timely manner and retain and motivate key qualified personnel, particularly software development, product development, analytics and other technical personnel, or inability to contract with qualified, competent subcontractors, could impair our success. Additionally, certain portions of our Government Solutions operations are dependent on employees and subcontractors who are subject to a collective bargaining agreement. When the collective bargaining agreement becomes subject to renegotiation or if we face union organizing drives, **any a** disagreement between us and the union on **important issues of importance to the union** may lead to a strike, work slowdown or other job actions in one or more locations we serve. A strike, work slowdown or other job action could disrupt our services, resulting in reduced revenues or contract cancellations. State or local law in some jurisdictions requires that subcontractors for our Government Solutions segment are certified by the jurisdiction, and the failure on the part of our subcontractors to obtain and maintain such certification could impact their ability to perform services for us. Further, some jurisdictions require that we subcontract a certain percentage of our work to certified businesses and failure to do so may decrease our competitiveness in the marketplace, lead to breach of contract claims or result in having to refund fees paid for failing to achieve committed targets. Additionally, our acquisition activity could increase the challenge of retaining our key employees and subcontractors and those of the acquired businesses. The loss of any key technical employee or the termination of a key subcontractor relationship, and any inability to identify suitable replacements or offer reasonable terms to these candidates, could have a material adverse effect on our business, financial condition and results of operations. Our operations in international markets expose us to additional risks, and failure to manage those risks could have a material adverse effect on our business. We have subsidiaries in various international markets that include but are not limited to the United Kingdom, ~~the~~ Netherlands, France, Ireland, Spain, Australia, Canada, Hungary and India. The success of our business depends, in part, on our ability to successfully manage these foreign operations. Our international operations subject us to risks that could increase expenses, restrict our ability to operate, result in lost revenues or otherwise materially and adversely affect our business, including: • political, social, and economic instability, including European sovereign debt issues and tightening of government budgets ; • **fluctuations in geopolitical relationships, which may impact our access to goods and services and our ability to contract with certain government entities**; • wars, civil unrest, acts of terrorism and other conflicts; • increased complexity and costs of managing or overseeing foreign operations, including adapting and localizing our services to specific regions and countries and relying on different third- party service providers; • complying with tariffs, trade restrictions, and trade agreements and any changes thereto; • foreign exchange and other restrictions and limitations on the transfer or repatriation of funds; • adverse tax consequences; • fluctuations in currency exchange rates; • complying with varying legal and regulatory environments, and managing public perception, in multiple foreign jurisdictions, including with respect to data and consumer privacy and payment processing, labor matters and VAT, and unexpected changes in these laws, regulatory requirements, and the enforcement thereof; and • limited protection of our intellectual property and other assets as compared to

the laws of the United States. We have limited or no control over these and other factors related to international operations and our strategies to address these risks may not correctly anticipate any problems that arise or be successful in expanding our solutions from the United States into new markets. Any failure to successfully manage these and other similar risks could have a material adverse effect on our business, financial condition and results of operations. Our growth strategy is, in part, dependent on successfully implementing our international expansion strategy. Our growth strategy includes expanding our global footprint, which may involve moving into regions and countries beyond those in which we currently operate. In order to achieve widespread acceptance in new markets we may enter, we may need to develop new products and services or tailor our existing products and services to that market's unique customs, cultures and standards. Management of these and any future international subsidiaries may divert our resources and require significant attention from management. In addition to the risks inherent in conducting international business, expanding internationally with new and existing customers poses additional risks, including: • lack of acceptance of our products and services; • tax issues, including administration of value-added tax, restrictions on repatriating earnings, and with respect to our corporate operating structure and intercompany arrangements; • our ability to adapt our marketing and selling efforts to different cultures and customers; • a different competitive environment, including a number of smaller competitors and a more fragmented business model, as well as competition from other market participants; • our ability to obtain and protect intellectual property rights to operate successfully in each territory due to pre-existing third-party intellectual property rights; and • an unfamiliar regulatory environment, including different local, provincial and national regulations. If we are unable to effectively manage these risks, our relationships with our existing and prospective customers, strategic partners and employees and our operations outside the United States may be adversely affected. In many cases, we will have limited or no experience in a particular region or country where we intend to launch operations. Moreover, learning the customs and cultures, particularly with respect to consumer preferences, differing technology standards and language barriers, is a difficult task. Our failure to do so effectively could slow our growth in those regions or countries. In many of these markets, long-standing relationships between potential customers and their local partners and protective regulations, including local content requirements and approvals, and disparate networks and systems used by each country, will create barriers to entry. Difficulties in foreign financial markets and economies and of foreign financial institutions, particularly in emerging markets, could also adversely affect demand in the affected areas. For this strategy to be successful, we must generate sufficient revenues and margins from the new markets to offset the expense of the expansion. Moreover, as the scale of our international operations increases, we will be more susceptible to the general risks related to our existing international operations discussed above. If we are unable to further expand internationally or if we are unable to effectively and efficiently manage the complexity of our expanded operations and compete in these new regions and countries, our business, financial condition and results of operations could be adversely affected. Failure to comply with anticorruption and anti-money laundering laws, including the U. S. Foreign Corrupt Practices Act and similar laws associated with our activities outside of the United States, could have a material adverse effect on our business. Our operations subject us to anticorruption and other similar laws and regulations of multiple jurisdictions, both within the United States and internationally, which are often evolving, including the Foreign Corrupt Practices Act (the "FCPA"), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the Patriot Act, and comparable foreign anti-bribery and anti-money laundering laws and regulations, including the United Kingdom Bribery Act of 2010. Our Government Solutions business businesses is are subject to a number of international, federal, state and local laws and regulations regarding similar matters. These laws and regulations prohibit companies and their employees and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or other benefits to government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person or securing any advantage. We use various third parties to conduct our business, both domestically and abroad, and we can be held liable for the corrupt or illegal activities of our employees, representatives, contractors or subcontractors, partners, and agents, those of the third parties with which we do business or those of any businesses we acquire, even if we do not explicitly authorize such activities or if they occurred prior to our acquisition of the relevant business. Safeguards we implement to discourage these practices may prove to be ineffective and any internal investigations may not uncover any such practices that may exist. Violations of the FCPA or other applicable anti-bribery, anti-corruption, and anti-money laundering laws by us or any of these third parties can result in severe criminal or civil sanctions, or other liabilities or proceedings against us, including class action lawsuits, whistleblower complaints, enforcement actions by the SEC, Department of Justice, and U. S. state and local and foreign regulators, adverse media coverage, non-responsibility determinations by procuring agencies, and suspension or debarment from government contracts, any of which could have a material adverse effect on our business, financial condition and results of operations. Numerous countries, including a number of those in which we do business, have agreed to a statement in support of Economic Co-operation and Development ("OECD") model rules that propose a global minimum tax, which if adopted, and subject to any "protective measures" implemented by the United States and responses thereto, may increase and negatively impact our provision for income taxes. Numerous countries, including a number of those in which we do business, have agreed to a statement in support of the OECD model rules that propose a global minimum tax rate of 15 % that would apply to multinational companies with consolidated revenue above € 750 million. Certain countries, including European Union member states, have enacted, or are expected to enact, legislation to be effective as early as 2024, with widespread implementation. Implementing of a global minimum tax expected by this year. In January 2025, the President of the United States issued an Executive Order declaring, in part, that the global minimum tax initiative has "no force or effect in the United States absent an act of the Congress." This Executive Order further directed the U. S. Treasury Department to investigate whether any non-U. S. countries are not in compliance with any tax treaty or have tax rules in place, or that are likely to be put in place, that are extraterritorial or disproportionately affect U. S. corporations and, if so, to advise on options for "protective measures." As the legislation becomes a result of global minimum tax rules becoming effective in countries in which we do

business, and subject to any “protective measures” that may be implemented by the United States and responses thereto by other countries, our taxes could increase and negatively impact our provision for income taxes. We will continue to monitor pending legislation and implementation by individual countries of a global minimum tax, as well as responses thereto by the United States, and evaluate the potential impact on our business in future periods. Our success depends, in part, on our ability to protect and defend our intellectual property against infringement, misappropriation and dilution. To protect our intellectual property rights, we rely on a combination of patent, trademark, copyright, trade secret and unfair competition laws of the United States and other countries, as well as contract provisions. We have registered certain patents and trademarks and have applications pending in the United States and foreign jurisdictions for some inventions and trademarks, including the Verra Mobility word mark and logo, for which some registrations have been granted and some applications are pending. However, not all of the trademarks and inventions we currently use have been registered in all of the countries in which we do business, and they may never be registered in all of those countries, and the applications we submit for these protections may not be granted. While we make efforts to acquire rights to intellectual property necessary for our operations, these measures may not adequately protect our rights in any given case, particularly in those countries where the laws do not protect proprietary rights as fully as in the United States. If we fail to acquire necessary intellectual property rights or adequately protect or assert our intellectual property rights, competitors may manufacture and market similar products and services, or dilute our brands, which could adversely affect our market share. It may be possible for third parties to reverse engineer, otherwise obtain, copy, and use software or information that we regard as proprietary. In addition, our competitors may avoid application of our existing or future intellectual property rights. Further, patent rights, copyrights and contractual provisions may not prevent our competitors from developing, using or selling products or services that are similar to or address the same market as, our products and services. Failure to obtain registrations for the Verra Mobility word mark or logo may have a significant adverse impact on our brand. Moreover, some of our trademarks and services are descriptive or include descriptive elements, which may make it difficult to enforce our rights or prevent others from adopting and using similar marks. Competitive products and services could reduce the market value of our brands, products and services, inhibit attracting new customers or maintaining existing customers, lower our profits, and could have a material adverse effect on our business, financial condition and results of operations. Our measures to monitor and protect our intellectual property may not be adequate to maintain or enforce our patents, trademarks or other intellectual property rights. Despite our efforts to monitor and protect our intellectual property, we may not be able to maintain or enforce our patents, trademarks or other intellectual property rights. Unauthorized third parties may use our trademarks and service marks, or marks that are similar thereto, to impinge on our goodwill, cause consumer confusion or dilute our rights in the marks. We are aware of products, software and marks similar to our intellectual property being used by other persons. Although we believe that such uses will not adversely affect us, further or currently unknown unauthorized uses or other infringement of our trademarks or service marks could diminish the value of our intellectual property and may adversely affect our business. Even where we have effectively secured protection for our intellectual property, our competitors may challenge, infringe, misappropriate or dilute our intellectual property and our employees, consultants, contractors, customers and suppliers may breach their contractual obligations not to reveal or use our confidential information, including trade secrets. Additionally, defending or enforcing our intellectual property rights and agreements, and seeking an injunction or compensation for infringements or misappropriations, could result in expending significant resources and diverting management attention, which in turn may have a material adverse effect on our business, financial condition and results of operations. We have been and may become subject to third-party infringement claims or challenges to the validity of our intellectual property that could have a material adverse effect on our business. We have faced, and may in the future face, claims for infringement, misappropriation or other violations of intellectual property rights from intellectual property owners in areas where we operate or intend to operate, including in foreign jurisdictions. Such claims may or may not be unfounded. Regardless of whether such claims have merit, our image, brands, competitive position and ability to expand our operations into other jurisdictions may be harmed and we may incur significant costs related to defense or settlement. If such claims were decided against us or a third-party we indemnify pursuant to license terms, we could be required to pay damages, develop or adopt non-infringing products or services, or acquire a license to the intellectual property that is the subject of the asserted claim, which license may not be available on acceptable terms or at all. Defending or settling claims would require the expenditure of additional capital, and negative publicity could arise, even if the matter was ultimately decided in our favor. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. We have a substantial amount of debt, including approximately \$ 704,695.6 million outstanding under our first lien term loan facility as of December 31, 2023-2024. Additionally, pursuant to an indenture, VM Consolidated, Inc. (“VM Consolidated”) issued an aggregate principal amount of \$ 350 million in Senior Unsecured Notes (the “Senior Notes”) due 2029. We may also incur substantial additional debt in the future to, among other things, finance our acquisition strategy. We have the option to increase commitments under our revolving credit agreement by up to \$ 50.0 million, all of which would be secured. We also have the ability to draw an unlimited amount from our first lien term loan facility, subject to the satisfaction of a maximum total net leverage ratio or minimum fixed charge coverage ratio, on a pro forma basis, all of which will be secured. Our substantial debt could have important consequences, any of which could be intensified if new debt is added to our current debt levels. For example, it could: • increase our vulnerability to adverse economic and industry conditions; • limit our ability to obtain additional financing for future working capital, capital expenditures, strategic acquisitions and other general corporate requirements; • expose us to interest rate fluctuations because the interest rate on certain of our debt is variable; • require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for operations and other purposes; • make it more difficult for us to satisfy our general business obligations, including our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness; • limit our ability to refinance indebtedness or increase the associated costs; • require us to sell assets to reduce debt or influence our decision about

whether to do so; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or prevent us from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins; and • place us at a competitive disadvantage compared to any competitors that have less debt or comparable debt at more favorable interest rates and that, as a result, may be better positioned to withstand economic downturns. Restrictive covenants in the agreements governing our indebtedness could restrict our operating flexibility. The agreements governing our indebtedness limit our ability to take certain actions. These restrictions may limit our ability to operate our businesses, prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise and cause us to take actions that are not favorable to stockholders. The agreements governing our indebtedness restrict, among other things and subject to certain exceptions, our and our restricted subsidiaries' ability to: • incur additional indebtedness; • pay dividends or other payments on capital stock; • guarantee other obligations; • grant liens on assets; • make loans, acquisitions or other investments; • transfer or dispose of assets; • make optional payments or modify certain debt instruments; • engage in transactions with affiliates; • amend organizational documents; • engage in mergers or consolidations; • enter into arrangements that restrict the ability to pay dividends; • engage in business activities that are materially different from existing business activities; • change the nature of the business we conduct; and • designate subsidiaries as unrestricted subsidiaries. Under our first lien term loan facility, we could be required to make periodic prepayments based on excess cash flow (as defined by the first lien term loan agreement) thereby limiting the amount of cash flow that can be reinvested in our business. For example, under our revolving credit facility, if availability goes below a certain threshold, we will be required to comply with a minimum "consolidated fixed charge coverage ratio" financial covenant as calculated therein. Moreover, if availability falls below a certain threshold for a specified number of business days, we could be required to remit our cash funds to a dominion account maintained by the administrative agent to the revolving credit facility, which would require daily review and approval of operating disbursements by the administrative agent. Our ability to comply with the covenants and restrictions contained in agreements governing our indebtedness may be affected by economic conditions and by financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants in future periods will also depend substantially on the pricing and sales volume of our products, ~~our success at implementing cost reduction initiatives~~ and our ability to successfully implement our overall business strategy. The breach of any of these covenants or restrictions could result in a default under one or more of the agreements governing our indebtedness that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In that case, we may be unable to borrow under our revolving credit agreement or otherwise, may not be able to repay the amounts due under the agreements governing our indebtedness, and may not be able to make cash available by dividend, debt repayment or otherwise. In addition, **if we are unable to pay the amounts due under the term loan, our lenders could proceed against the collateral securing that the indebtedness under the term loan, which consists of substantially all of our assets.** Any of the foregoing could have ~~serious consequences~~ **material adverse effects** to our financial position, results of operations or cash flows and could cause us to become bankrupt or insolvent. The agreements governing our indebtedness contain cross default or cross acceleration provisions that may cause all of the debt issued under those instruments to become immediately due and payable because of a default under an unrelated debt instrument. The agreements governing our indebtedness contain numerous covenants and require us, if availability goes below a certain threshold, to comply with a minimum "consolidated fixed charge coverage ratio" financial covenant as calculated in the revolving credit agreement. Our failure to comply with the obligations contained in these agreements or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments (together with accrued and unpaid interest and other fees) becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell assets and otherwise curtail our operations in order to pay our creditors. These alternative measures could have a material adverse effect on our business, financial position, results of operations or cash flows. If we do not generate sufficient cash flows, we may not be able to service all of our indebtedness. To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash, make scheduled payments or to refinance our debt obligations depends on our successful financial and operating performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control. If our cash flow and capital resources are insufficient to fund our debt service obligations or to repay indebtedness when it matures, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or operations, reducing or delaying capital investments or seeking to raise additional capital. We may not be able to refinance our debt and any refinancing of our debt could be at higher interest rates and may require us to comply with more restrictive covenants that could further restrict our business operations and our ability to make cash available for dividends and distributions and payments on our other debt obligations (if any). Our ability to implement successfully any such alternative financing plans will be dependent on a range of factors, including general economic conditions, the level of activity in mergers and acquisitions and capital markets generally, and the terms of our various debt instruments then in effect. In addition, a significant portion of our outstanding indebtedness is secured by substantially all of our assets including our subsidiaries' assets, and any successor credit facilities are likely to be secured on a similar basis. As such, our ability to seek additional financing or our ability to make cash available for dividends and distributions and payments on our other debt obligations (if any) could be impaired as a result of such security interests and the agreements governing such security interests. Moreover, as a result of these security interests, the underlying assets would only be available to satisfy claims of our general creditors or holders of our equity securities if we were to become insolvent to the extent the value of such assets exceeded the amount of our indebtedness and other obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms could have a material adverse effect on our business, including our financial condition and results of operations. We may be unable to obtain

additional financing to fund operations and growth. We may require additional financing to fund our operations or growth, whether organic or through acquisitions. Our failure to secure additional financing could have a material adverse effect on our continued development or growth. Risks Related to Our Class A Common Stock, Related Party Transactions and Organizational Documents We cannot guarantee that our stock repurchase programs will enhance long- term shareholder value. Stock repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves. In addition, Congress enacted the Inflation Reduction Act in 2022, which (among other provisions) provided for a 1 % excise tax on net stock repurchases. This provision ~~applied~~ **applies** to stock repurchases initiated after January 1, 2023. In ~~May-October 2022~~ **2023**, our Board of Directors (our “ Board ”) authorized a share repurchase program for up to an aggregate amount of \$ 125 million of our outstanding shares of Class A Common Stock. We subsequently paid \$ 50. 0 million in May 2022 to repurchase outstanding shares of our Class A Common Stock through an accelerated share repurchase (“ ASR ”), and received an initial delivery of 2, 739, 726 shares. The final settlement occurred in August 2022, at which time we received 445, 086 additional shares. In addition, during the second and third quarters, we paid \$ 6. 9 million and repurchased 445, 791 shares of our Class A Common Stock through open market transactions. During the third quarter of 2022, we discontinued open market repurchases and our Board authorized a second ASR for the remaining availability under the share repurchase program. In August 2022, we paid \$ 68. 1 million for the second ASR, and received an initial delivery of 3, 300, 000 shares of our Class A Common Stock. The final settlement of the ASR resulted in the receipt of 943, 361 additional shares. In November 2022, our Board of Directors authorized a ~~new~~ share repurchase program for up to an aggregate amount of \$ 100. 0 million of our outstanding shares of Class A Common Stock over an 18- month period in open market ~~transactions~~, ~~accelerated share repurchase (“ ASRs- ASR ”)~~ or privately negotiated transactions. ~~We paid \$ 8~~ **In June 2024, we entered into a share repurchase agreement with a stockholder, pursuant to which we repurchased, directly from the stockholder, 2 . 10 million to repurchase 449, 432 shares of our Class A Common Stock for an aggregate purchase price of \$ 51. 5 million. During the fourth quarter of 2024, we repurchased approximately 1. 5 million shares through open market transactions during the third quarter of fiscal year and paid \$ 35. 8 million. On December 4, 2023-2024, our Board of Directors authorized** which we subsequently retired. In September 2023, we used the remaining availability under the share repurchase program ~~for of up to~~ an **additional ASR and paid approximately \$ 100 91. 9 million to receive an initial delivery of our outstanding 4, 131, 551 shares of our Class A Common Stock under**. The final settlement of the **existing ASR resulted in the receipt of 534, 499 additional shares. In October 2023, our Board authorized another share repurchase program, providing the Company with approximately \$ 112. 7 million available for up to repurchases. On December 11, 2024, we entered into an aggregate amount of ASR agreement with a third- party financial institution to purchase \$ 100-112 . 07 million of our outstanding Class A common stock. Pursuant to the terms of the ASR agreement, we received and retired 3, 821, 958 shares of our Class A Common Stock and paid \$ 112. 7 million. The delivery of any remaining shares will occur at the final settlement of the transactions under the ASR agreement, which is scheduled to occur in the first quarter of 2025. The final number of shares repurchased under the ASR agreement will be based on the daily volume- weighted average share prices over the term an 18- month period in the open market transactions, ASRs- ASR agreement, less a discount and subject to adjustments. We paid a total of \$ 200. 0 million or for privately negotiated transactions. The Company has not yet repurchased shares- share under this repurchase- repurchases program during the year ended December 31, 2024. In addition, we recorded approximately \$ 1. 7 million within accrued liabilities related to the excise taxes payable on net share repurchases on the consolidated balance sheets as of December 31, 2024.** The timing, price, and quantity of purchases under the **repurchase program-programs** have been, and will continue to be, made at the discretion of our management based upon a variety of factors including share price, general and business market conditions, compliance with applicable laws and regulations, corporate and regulatory requirements, and alternative uses of capital. There is no guarantee as to the exact number of shares that we will repurchase and we cannot guarantee that ~~the share repurchase program-programs~~ will enhance long- term stockholder value. ~~These Share repurchase programs could affect the trading price of our common stock and increase volatility. In addition, our repurchases under our share repurchase program-programs could affect the trading price of our common stock and increase volatility. In addition, our repurchases under our share repurchase program~~ have diminished, and could continue to diminish, our cash reserves. Anti- takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt. Our certificate of incorporation contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. We are also subject to anti- takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- a classified board of directors with three- year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board;
- the requirement that directors may only be removed from the Board for cause;
- the right of our Board to elect a director to fill a vacancy created by the expansion of our Board or the resignation, death or removal of a director in certain circumstances, which prevents stockholders from being able to fill vacancies on our Board;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a prohibition on stockholders calling a special meeting and the requirement that a meeting of stockholders may only be called by members of our Board or our Chief Executive Officer, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement that changes or amendments to certain provisions of our certificate of incorporation or bylaws must be approved by holders of at least two- thirds of our Common Stock; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our Board or to propose matters to be acted upon at a meeting of stockholders, which may discourage or deter a potential acquirer from conducting a solicitation of

proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us. Our bylaws include a forum selection clause, which may impact the ability of our stockholders to bring actions against us. Subject to certain limitations, our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware will be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporate Law or our certificate of incorporation or bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine. In addition, our bylaws provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States against us, our officers, directors, employees or underwriters. These limitations on the forum in which stockholders may initiate action against us could create costs or, inconvenience or otherwise adversely affect our stockholders' ability to seek legal redress. If a court were to find the forum-selection provisions contained in our bylaws to be unenforceable, we may incur additional costs associated with resolving proceedings in forums other than the Court of Chancery in the State of Delaware and the federal district courts of the United States. Our only significant asset is our ownership interest in our operating subsidiaries and such ownership may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A Common Stock or satisfy our other financial obligations. We have no direct operations and no significant assets other than our ownership interest in our operating subsidiaries. We depend on our operating subsidiaries for distributions, loans and other payments to generate the funds necessary to meet our financial obligations, including our expenses as a publicly traded company, ~~to pay any dividends with respect to our Class A Common Stock~~. The financial condition and operating requirements of our operating subsidiaries may limit our ability to obtain cash from our operating subsidiaries. The earnings from, or other available assets of, our operating subsidiaries may not be sufficient to ~~pay dividends or~~ make distributions or loans to enable us to pay any dividends on our Common Stock or satisfy our other financial obligations. The ability of our operating subsidiaries (other than subsidiaries which have been designated as unrestricted pursuant to our ability to do so in certain limited circumstances) to make distributions, loans and other payments to us for the purposes described above and for any other purpose is governed by the terms of the ~~Debt Agreements~~ **agreements governing our indebtedness** and will be subject to the negative covenants set forth therein. Any loans or other extensions of credit ~~will would~~ be subject to the ~~investment restrictive~~ covenants under ~~such~~ **2021 Term Loan and the Revolver** (each as defined below). The "~~Debt Agreements~~ **agreements**" means, collectively: (i) the Amendment and Restatement Agreement No. 1 to First Lien Term Loan Credit Agreement, dated as of March 26, 2021, among Greenlight Acquisition Corporation, a Delaware corporation; VM Consolidated, Inc. (formerly known as ATS Consolidated, Inc.), a Delaware corporation; American Traffic Solutions, Inc., a Kansas corporation; and Lasereraft, Inc., the subsidiary guarantors party thereto, a Georgia corporation; the lenders party thereto from time to time; and Bank of America, N. A. as Administrative Agent and Collateral Agent; and (ii) the Revolving Credit Agreement, dated as of March 1, 2018, among Greenlight Acquisition Corporation, a Delaware corporation; VM Consolidated, Inc., a Delaware corporation; the other Borrowers (for this purpose only, as defined therein) party thereto from time to time; the lenders party thereto from time to time; and Bank of America, as the administrative agent and the collateral agent; and (iii) the Indenture governing VM Consolidated, Inc.'s 5.50% Senior Notes Due 2029, among VM Consolidated, Inc., Wilmington Trust, National Association, and the Guarantors named therein, dated as of March 26, 2021, in the case of each of the foregoing (i) and (ii), as amended or otherwise modified from time to time. Our failure to be current in our SEC filings could pose significant risks to our business, each of which could materially and adversely affect our financial condition and results of operations. Under the Exchange Act, the Company, as reporting company, is required to provide investors on a regular basis with periodic reports that contain important financial and business information. Examples of these reports include the annually filed Form 10-K and the quarterly filed Form 10-Q. The timely and complete submission of periodic reports provides investors with information to help them make informed investment decisions. Our inability to timely file our periodic reports with the SEC, as occurred with our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, could have an adverse impact on our ability to, among other things, (i) access our credit facilities, (ii) attract and retain key employees, and (iii) raise funds in the public markets, any of which could materially and adversely affect our financial condition and results of operations. If our Class A Common Stock is delisted from Nasdaq, a market for our securities may not continue, which would adversely affect the liquidity and price of our securities. The price of our securities may vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Additionally, if our securities are not listed on, or become delisted from, Nasdaq for any reason, including for failure to maintain compliance with rules for continued listing on Nasdaq, and are quoted on the OTC Bulletin Board or OTC Pink, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. Our business could be negatively affected as a result of actions of activist stockholders or others. We may be subject to actions or proposals from stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to such actions can be costly and time-consuming, disrupt our business and operations, and divert the attention of our Board, management, and employees from the pursuit of our business strategies. Such activities could interfere with our ability to execute our strategic plan. Activist stockholders or others may create perceived uncertainties as to the future direction of our business or strategy which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential ~~guests~~ **customers**, and may affect our relationships with current ~~guests~~ **customers**, vendors, investors, and other third parties. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our Board. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

Our reliance on third-party providers..... financial condition and results of operations. General Risk Factors Uncertainty about current and future economic conditions and other adverse changes in general political conditions. Adverse and uncertain macroeconomic conditions, including higher interest rates, inflation, slower growth or recession, barriers to trade, changes to fiscal and monetary policy, tighter credit, high unemployment, currency fluctuations, and other events beyond our control, such as economic sanctions, natural disasters, pandemics, epidemics, political instability, armed conflicts and wars, can materially adversely affect demand for our products and services. In addition, consumer spending and activities may be materially adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, declines in income or asset values, energy shortages and cost increases, labor and healthcare costs and other economic factors, all of which may have a negative affect on our business and results of operations. Additionally, uncertainty about, or a decline in, global or regional economic conditions may have a significant impact on our suppliers, manufacturers, logistics providers, distributors and other partners. Potential effects on our suppliers and partners include financial instability, inability to obtain credit to finance operations, and insolvency. A downturn in the economic environment can also lead to increased credit and collectability risk on our trade receivables, the failure of derivative counterparties and other financial institutions, limitations on our ability to issue new debt, reduced liquidity, and declines in the fair value of our financial instruments. These and other economic factors can materially adversely affect our business, results of operations, financial condition and stock price. If we fail to maintain an effective system of internal controls or identify a material weakness or significant deficiency in our internal control over financial reporting, our ability to report our financial condition and results of operations in a timely and accurate manner could be adversely affected, investor confidence in our company could diminish, and the value of our securities may decline. As a public company, we are required to comply with Section 404 of the Sarbanes Oxley Act of 2002 (“SOX”), which requires, among other things, that companies maintain disclosure controls and procedures to ensure timely disclosure of material information, and that management reviews the effectiveness of those controls on a quarterly basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. While we continually undertake steps to improve our internal control over financial reporting as our business changes, we may not be successful in making the improvements and changes necessary to be able to identify and remediate control deficiencies or material weaknesses on a timely basis. During fiscal year 2023, we identified a material weakness in **the design and operation of our internal controls over financial reporting in the Control Activities component of the COSO framework** related to the lack of information technology general controls to prevent the risk of management override. **Based on the implementation work and the results of testing performed**, which we are currently working to **our management concluded that the previous identified material weakness has been remediated as of December 31, 2024**, as further discussed in “Controls and Procedures” in Part II, Item 9A of this Annual Report. Additionally, during fiscal year 2021, we identified material weaknesses in our internal controls over financial reporting related to: (i) the monitoring and control activities over the acquisition of Redflex Holdings Pty Ltd. due to the lack of sufficient qualified accounting resources to timely identify and assess accounting implications of revenue arrangements assumed as part of the acquisition and to provide adequate controls over the completeness and accuracy of inputs used in accounting for the business combination; and (ii) the design and maintenance of certain revenue and reporting controls related to a third-party application utilized in performing certain control activities and used in the preparation of our consolidated financial statements. As a result of these material weaknesses, management concluded that our internal control over financial reporting was not effective as of December 31, 2021. During fiscal year 2021, we also identified a material weakness in our internal control over the operation of certain controls over the review of the accounting for our warrants originally issued to Gores Sponsor II, LLC in a private placement in connection with the IPO (the “Private Placement Warrants”) related to the April 12, 2021 SEC Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies. This material weakness resulted in a material misstatement of our private placement warrant liability, change in fair value of private placement warrant liability, additional paid-in capital and accumulated deficit as of December 31, 2020 and 2019 and for years ended December 31, 2020, 2019 and 2018. We restated our consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 upon completing our management’s evaluation of the SEC Staff statement as a part of our remediation measures. As a result of these material weaknesses, management concluded that our internal control over financial reporting was not effective as of December 31, 2020. We completed the remediation measures related to the material weakness relating to the accounting for warrants during fiscal year 2021. We cannot be certain that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of SOX. If we fail to maintain the adequacy of our internal controls, we cannot assure our stockholders that we will be able to conclude in the future that we have effective internal control over financial reporting, and / or we may encounter difficulties in implementing or improving our internal controls, which could harm our operating results or cause us to fail to meet our reporting obligations. If we fail to maintain effective internal controls, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our securities may be negatively affected, and we could be subject to sanctions or investigation by regulatory authorities, such as the SEC or Nasdaq. Continued changes in corporate governance requirements, policies and practices may impact our business. Corporate governance, public disclosure and compliance practices continue to evolve based upon continuing legislative action, SEC rulemaking and policy positions taken by large institutional stockholders and proxy advisors. As a result, the number of rules, regulations and standards applicable to us may become more burdensome to comply with, could increase scrutiny of our practices and policies by these or other groups and increase our legal and financial compliance costs and the amount of time management must devote to governance and compliance activities. For example, the SEC has recently adopted rules requiring that issuers provide significantly increased disclosures concerning cybersecurity risk management, strategy, governance and incident reporting and adopt more stringent executive compensation clawback policies.

~~Increasing regulatory burdens and corporate governance requirements could make it more difficult for us to attract and retain qualified members of our Board and qualified executive officers.~~ Litigation and other disputes and regulatory investigations could have a material adverse effect on our business. From time to time, and as more discussed in the section entitled “ Legal Proceedings, ” we may be involved in litigation and other disputes or regulatory investigations that arise in and outside the ordinary course of business. We expect that the number, frequency and significance of these matters may increase as our business expands and we grow as a company. Litigation, disputes, or regulatory investigations may relate to, among other things, intellectual property, antitrust claims, commercial arrangements, negligence and fiduciary duty claims, vicarious liability based upon conduct of individuals or entities outside of our control, including our third- party service providers, deceptive trade practices, claims related to invoicing, personal injury claims, claims related to licensing, general fraud claims and employment law claims, including compliance with wage and hour regulations and contractual requirements. An adverse determination may result in liability to us for the claim and may also result in the imposition of penalties and / or fines. Like other companies that handle sensitive personal and payment information, we also face the possibility of allegations regarding employee fraud or misconduct. In addition to more general litigation, at times we are also a named party in claims made against our customers, including putative class actions challenging the legality and constitutionality of automated photo enforcement and other similar programs of our Government Solutions customers and consumer fraud claims brought against our RAC customers alleging faulty disclosures regarding our services. As a public company, we may also be subject to securities class action and stockholder derivative lawsuits. From time to time, we may also be reviewed or investigated by U. S. federal, state, or local regulators or regulators in the foreign jurisdictions in which we operate regarding similar and other matters, including tax assessments. These investigations can be commenced at the initiative of the governmental authority or as a result of complaints by private citizens, regardless of whether the complaint has any merit. At times, we are also required to obtain licensing and permitting, including with respect to matters such as general contracting, performance of engineering services, performance of electrical work and performance of private investigative work. Although we carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed, whether as a result of a dispute, litigation or governmental investigation, and it may not adequately indemnify us for all liability that may be imposed. Any potential claims against us or investigation into our business and activities, whether meritorious or not, could be time consuming, result in significant legal and other expenses, require significant amounts of management time and result in the diversion of significant operational resources. Class action lawsuits can often be particularly burdensome given the breadth of claims, large potential damages and significant costs of defense. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third- party patents or other third- party intellectual property rights. Legal or regulatory matters involving our directors, officers or employees in their individual capacities can also create exposure for us because we may be obligated or may choose to indemnify the affected individuals against liabilities and expenses they incur in connection with such matters. Regulatory investigations, including with respect to proper licensing, payment of wages, procurement practices or permitting, can also lead to enforcement actions, fines and penalties, the loss of a license or permit or the assertion of private litigation claims. Risks associated with these liabilities are often difficult to assess or quantify and their existence and magnitude can remain unknown for significant periods of time, making the amount of any legal reserves related to these legal liabilities difficult to determine and, if a reserve is established, subject to future revision. Future results of operations could be adversely affected if any reserve that we establish for a legal liability is increased or the underlying legal proceeding, investigation or other contingency is resolved for an amount in excess of established reserves. Because litigation and other disputes and regulatory investigations are inherently unpredictable, the results of any of these matters may have a material adverse effect on our business, financial condition and results of operations. Risks related to laws and regulations and any changes in those laws could have a material adverse effect on our business. We are subject to multiple, and sometimes conflicting, laws and regulations in the countries, states and localities in which we operate. We are required to comply with certain SEC, Nasdaq and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. **Increasing regulatory burdens and corporate governance requirements could increase our legal and financial compliance costs and the amount of time management must devote to governance and compliance activities.** In addition to the laws and regulations discussed elsewhere in these risk factors regarding data privacy, foreign operations and other matters, we are subject to laws regarding transportation safety, consumer protection, procurement, anti- kickback, labor and employment matters, competition and antitrust, payment processing, intellectual property, environmental matters, and other trade- related laws and regulations. Certain of our operations are also subject to oversight by the USDOT, the Federal Communications Commission, the U. S. Consumer Product Safety Commission, and the Environmental Protection Agency, as well as comparable state and local agencies, including departments of transportation, departments of motor vehicles, professional licensing authorities and offices of inspector general. Our Government Solutions segment is also subject to laws related to the use of automated traffic enforcement, the capture, access and retention of data and matters related to government contracting. Recent years have seen a substantial increase in the number of new laws and regulations and the rate of change and enforcement of many of these types of laws and regulations. We cannot predict the nature, scope or impact of future laws, regulatory requirements or similar standards may have on our business, whether implemented through changes to existing laws or the way they are administered or interpreted, or through entirely new regulations. Future laws, regulations, and standards or any changed interpretation or administration of existing laws or regulations could limit the continued use or adoption of one or more of our solutions, require us to incur additional costs, impact our ability to develop and market new solutions or impact our ability to retain existing business and secure new business. We may not be able to respond in a reasonable or cost- effective manner, or at all. Even if we make what we believe are appropriate changes, there is no certainty those actions will comply. Any alleged or actual violations of any law or regulation, change in law

or regulation or changes in the interpretation of existing laws or regulations may subject us to government scrutiny, including government or regulatory investigations and enforcement actions, civil and criminal fines and penalties, and negative publicity, or otherwise have a material adverse effect on our business, financial condition and results of operations. **Our failure to properly perform under our..... financial condition and results of operations.** Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations. We are subject to income taxes in numerous countries, and our domestic tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock- based compensation; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; or • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates. In addition, we are subject to audits of our income, sales and other transaction taxes by U. S. federal and state authorities, as well as foreign tax authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.