Risk Factors Comparison 2024-02-23 to 2023-02-27 Form: 10-K

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An investment in our securities involves risks and uncertainties. You should carefully consider the following risks as well as the other information included in this annual report, including " Cautionary Statement About Regarding Forward- Looking Statements, " " Risk Factor Summary, " " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " and the consolidated financial statements and the related notes thereto included elsewhere in this annual report, before investing in our securities. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or prospects. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, results of operations or prospects. In such a case, the trading price of our securities could decline and you may lose all or part of your investment in us. Unless the context otherwise requires, all references in this subsection to the " Company, " " Vertiv, " " we, " " us " or " our " refer to Vertiv Holdings Co and its consolidated subsidiaries following the Business Combination, other than certain historical information which refers to the business of Vertiv prior to the consummation of the Business Combination. Risks Related to Our Customers and Our Industry We rely on the continued growth of our customers' networks, in particular data center and communication networks, to grow our business, operations and revenue, and any decreases in demand in these networks could lead to a decrease in our product offerings. A substantial portion of our business depends on the continued growth of our current and potential customers' data centers and communication networks. If these networks do not continue to grow, whether as a result of changes in the economy, capital spending, building capacity in excess of demand, delays in receiving required permits and approvals, or for any other reason, overall demand could decrease for our product offerings, which would have an adverse effect on our business, results of operations and financial condition. The long sales cycles for certain of our products and solutions offerings, as well as unpredictable placing or canceling of customer orders, particularly large orders, may cause our revenues and operating results to vary significantly from quarter- to- quarter, which could make our future operational results less predictable. A customer' s decision to purchase certain of our products or solutions, particularly products new to the market or long- term end- to- end solutions, may involve a lengthy contracting, design and qualification process. In particular, customers deciding on the design and implementation of large deployments may have lengthy and unpredictable procurement processes that may delay or impact expected future orders, including customers canceling orders based on changes to their businesses. As a result, the order booking and sales recognition process is often uncertain and unpredictable, with some customers placing large orders with short lead times on little advance notice and others requiring lengthy, open- ended processes that may change depending on global or regional economic weakness. This unpredictability may cause our revenues and operating results to vary unexpectedly from quarter- to- quarter and year- to- year, making our future operational results less predictable. We may not realize all of the sales expected from our backlog of orders and contracts. Our backlog consists of the value of product and service orders for which we have received a customer purchase order or purchase commitment and which have not yet been delivered. As of December 31, **2023 and** 2022 ~~and 2021~~, Vertiv' s estimated combined order backlog was $ **5, 526. 7 and $** 4, 754. 4 ~~and $ 3, 191. 0~~, respectively. The ~~vast~~ majority of our combined backlog is considered firm and expected to be delivered within one year. Our customers have the right in some circumstances, usually with penalties or termination consequences, to reduce or defer firm orders in backlog. If customers terminate, reduce or defer firm orders, ~~whether due to fluctuations in their business needs or purchasing budgets or other reasons, our sales will be adversely affected and we may not realize~~ the revenue we expect to generate from our backlog or, if realized, may not **be fully realized** ~~result in profitable revenue. More generally, we do not believe that our backlog estimates as of any date are indicative of revenues for any future period~~. Additionally, because of our significant backlog, there may be significant delays between the time that we alter the prices we charge customers for our offerings **and new orders** and the time such price changes are reflected in our financial results ~~. Additionally, because of our significant backlog, there may be significant delays between the time that we alter the prices we charge for new orders and the time such price changes are reflected in our financial results due to orders in the backlog that use historic pricing~~. Any disruption or consolidation of our customers' markets or reduction in customer spending on technology could result in declines in the sales volume and prices of our products. The disruption of our customers' markets could occur due to a number of factors, including government policy changes, industry consolidations or the shifting of market size and power among customers. Such consolidations or other disruptions may result in certain parties gaining additional purchasing leverage and, consequently, increasing the product pricing pressures facing our business. Such changes could impact spending as customers evolve their strategies or integrate acquired operations. For example, if industry consolidation results in there being fewer customers, the loss of any one customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants. Any reduction in customer spending on technological development as a result of these and other factors could have an adverse effect on our business, results of operations and financial condition. Large companies, such as communication network and cloud / hyperscale and colocation data center providers, often require more favorable terms and conditions in our contracts, which could result in downward pricing pressures on our business. Large companies, such as communication network and cloud / hyperscale and colocation data center providers, comprise a material portion of our customer base and generally have greater purchasing power than smaller entities. Accordingly, these customers often require more favorable terms and conditions in **their** contracts **with** ~~from suppliers including~~ us. Consolidation among such large customers could further increase their buying power and ability to require onerous terms. In addition, these customers may impose substantial penalties for any product or service failures caused by us or the failure by us to timely deliver products ordered by those customers. As we seek to sell more products to such customers, we may be required to agree to such terms and conditions more frequently, which may include terms that affect the timing of our cash flows and ability to recognize revenue, and could have an adverse effect on our business, results of operations and financial condition. Our contracts with governmental customers are subject to increased pressures to reduce expenses, may contain additional or more onerous terms and conditions that are not common among commercial customers, and may subject us to increased risk of audits, investigations, sanctions and penalties by such governmental parties, which could result in various civil and criminal penalties, administrative sanctions, and fines and suspensions. We derive a portion of our revenue from contracts with governmental customers, including the U. S. federal, state and local governments. There is pressure on such governmental customers and their respective agencies to reduce spending and some of our contracts at the state and local levels are subject to government funding authorizations. These factors combine to potentially limit the revenue we derive from such contracts. Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business. Such contracts are also subject to various laws and regulations that apply to doing business with governmental entities, such as country- specific sourcing requirements. The laws relating to government contracts **may** differ from other commercial contracting laws and our government contracts may contain pricing and other terms and conditions that are less favorable to the Company than those in commercial contracts. We have, and we intend to continue pursuing, long- term, fixed- price contracts (including long- term, turnkey projects). Our failure to mitigate certain risks associated with **fulfillment of such** ~~our long- term, fixed- price~~ contracts ~~(including long- term, turnkey projects)~~ may result in excess costs and penalties. Long- term, fixed- price contracts (including but not limited to turnkey projects) may have a duration greater than twelve months **that** ~~, and may~~ involve substantial risks, which may result in excess costs and penalties. These **fulfillment** risks include but are not limited to: • unanticipated technical problems with equipment, requiring us to incur added expenses to remedy such problems; • changes in costs or shortages of components, materials, labor or construction equipment; • recognition of revenues over the term of the contract; • project modifications and changes to the scope of work resulting in unanticipated costs; • delays caused by local weather or other conditions beyond our control; • changes in regulations, permits or government policy; • the failure of suppliers, subcontractors or consortium partners to perform; and • penalties, if we cannot complete all or portions of the project within contracted time limits and performance levels. Our failure to mitigate these risks may result in excess costs and penalties and may have an adverse effect on our results of operations and financial condition. The areas in which we provide our product and solution offerings are highly competitive, and we experience competitive pressures from numerous and varied competitors. We encounter competition from numerous and varied competitors targeting all areas of our business on a global and regional basis. We compete with ~~our competitors~~ **other providers** primarily on the basis of our technology, reliability, quality, price, service and customer relationships. A significant element of our competitive strategy is focused on delivering reliable, high- quality products and solutions at the best relative global cost. If our products, services, and cost structure do not enable us to compete successfully based on any of those criteria, we may experience a decline in product sales and a corresponding loss of customers. Our competitors, any of which could introduce new technologies or business models that disrupt significant portions of our markets and cause our customers to move a material portion of their business away from us to such competitors, primarily include: • Large- scale, global competitors with broad, sometimes larger, product portfolios and service offerings. These competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our products and services that compete against their products and services. Competitors within this category include Schneider Electric, S. E., Eaton Corporation Plc, Legrand SA, and Huawei Investment & Holding Co., Ltd, each of which have a large, global presence and compete directly in the markets in which we operate. Industry consolidation may also impact the competitive landscape by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. • Offering- specific competitors with products and services that compete globally but with a limited set of product offerings. These competitors may be able to focus more closely on a particular segment of the market and apply targeted financial, technical and marketing resources in ways that we cannot, potentially leading to stronger brand recognition, technological advancement and more competitive pricing within that targeted segment. • Regional or country- level competitors are competitors that compete with us in a limited geographic area. Failure to obtain performance and other guarantees from financial institutions, may prevent us from bidding on or obtaining certain contracts, or cause our costs with respect to such contracts to be higher. In accordance with industry practice, for **certain** project opportunities we are required to provide guarantees, including bid- bonds, advance payment and performance guarantees. Some customers require these guarantees to be issued by a financial institution, and historic global financial conditions have in the past, and may in the future, make it more difficult and expensive to obtain these guarantees. If we cannot obtain such guarantees on commercially reasonable terms or at all, we could be prevented from bidding on or obtaining such large project contracts, or our costs for such contracts could be higher and, in either case, could have an adverse effect on our business, results of operations and financial condition. Risks Related to Our Business Operations We are subject to **various** changes in costs of production ~~due to factors~~ **, including some that are** beyond our control, the impacts of which may be exacerbated if we fail to properly manage our supply chain and inventory. Our operations, particularly our manufacturing and service operations, depend on the availability and prices of raw materials, components, products and services from third- party suppliers, and such suppliers' ability to timely deliver the quantities and quality required at reasonable prices. Additionally, our operations depend on our ability to accurately anticipate these needs and prices. We have a large number of providers to support our global operations and breadth of offerings. In addition, certain of our suppliers are also competitors with us in one or more parts of our business and those suppliers may decide to discontinue business with us. As described in our prior filings, at times in the past we did not accurately anticipate the magnitude of inflationary increases in costs of our materials, freight and labor, as a result of which such cost increases were not immediately reflected in the prices for our offerings. Other supply chain issues that we historically have faced, and may face in the future include, but are not limited to, the following: • Volatility in the supply or price of raw materials, freight and labor. Our products rely on a variety of raw materials and components, including steel, copper, aluminum and various electronic components. We may experience a shortage of, or a delay in receiving, such materials or components because of strong demand, supplier ~~capacity~~ constraints or other operational disruptions ~~, restrictions on use of materials or components subject to our governance and compliance requirements, disputes with suppliers or problems in transitioning to new suppliers~~. Moreover, prices for some of these materials and components have historically been volatile and unpredictable. We also rely upon labor and third- party freight services to produce and deliver our offerings to our customers. ~~During 2021 and 2022~~ **In the past few years**, we experienced significant increases in material, freight and labor costs ~~, and we expect inflationary pressures on such costs to continue in 2023. Ongoing supply issues may require us to reengineer some offerings, which could result in further costs and delays, some of which costs we may not be able to pass onto our customers~~. If we are unable to secure necessary supplies at reasonable prices or acceptable quality, we may be unable to manufacture products, fulfill service orders or otherwise operate our business. We may also be unable to offset unexpected increases in material and component costs with our own price increases without suffering reduced volumes, revenues or operating income. • Contractual terms. As a result of long- term price or purchase commitments in contracts with our suppliers, we may be obligated to purchase materials, components or services at prices higher than those available in the current market, which may put us at a disadvantage to competitors who have access to components or services at lower prices, impact our gross margin, and, if these issues impact demand, may result in additional charges for inventory obsolescence. In addition, to secure the supply of certain materials and components on favorable terms, we may make strategic purchases of materials and components in advance or enter into non-cancelable commitments. If we fail to anticipate demand properly, we may have an oversupply which could result in excess or obsolete materials or components. • Contingent workers. In some locations, we rely on third- party suppliers for the provision of contingent workers, and our failure to manage such workers effectively could adversely impact our results of operations. We may ~~in the future be exposed to various legal claims relating to the status of contingent workers. We may~~ also be subject to labor shortages, oversupply, or fixed contractual terms relating to the contingent workforce, and our ability to manage the size of, and costs for, such contingent workforce may be further constrained by local laws or future changes to such laws ~~. In addition, our customers may impose obligations on us with regard to our workforce and working conditions~~. • Single- source suppliers. We obtain certain materials or components from single- source suppliers due to technology, availability, price, quality or other considerations. Replacing a single- source supplier could delay production of some products because replacement suppliers, if available, may be subject to capacity constraints or other output limitations. Any of these risks could have an adverse effect on our results of operations and financial condition. In addition, our operations depend upon disciplined inventory management, as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risk of inventory obsolescence because of rapidly changing technology and customer requirements. Excess or obsolete inventory, whether procured pursuant to an inaccurate customer forecast or otherwise, would result in a write- off of such inventory, causing an increase in costs of goods sold and a decline in our gross margins. If we fail to anticipate technology shifts, market needs and opportunities, and fail to develop appropriate products, product enhancements and services in a timely manner to meet those changes, we may not be able to compete effectively against our global competitors and, as a result, our ability to generate revenues will suffer. We believe that our future success will depend in part upon our ability to anticipate technology shifts **, such as the growth in artificial intelligence,** and to enhance and develop new products and services that meet or anticipate such technology changes. Any such developments will require continued investment in engineering, capital equipment, marketing, customer service and technical support. For example, we will need to anticipate potential market shifts to **more** efficient products, alternative power architectures, cooling technologies **(such as liquid cooling)** and energy storage that could diminish the demand for our existing offerings or affect our margins. Also, our primary global competitors are sophisticated companies with significant resources that may develop superior products and services or may adapt more quickly to new technologies and technology shifts, industry changes or evolving customer requirements. If we fail to anticipate technology changes, shifting market needs or keep pace with our competitors' products, or if we fail to develop and introduce new products or enhancements in a timely manner, we may lose customers and experience decreased or delayed market acceptance and sales of present and future products and our ability to generate revenues will suffer. Disruptions to the various information security systems upon which our operations rely, especially cyber- security incidents, including data security breaches, ransomware or computer viruses, could harm our business, reduce our revenue, increase our expenses, damage our reputation and adversely impact our performance. We rely on our information systems and ~~the~~ **those** ~~information systems of a variety~~ of third parties for processing customer orders, shipping products, billing our customers, tracking inventory, supporting finance and accounting functions, financial statement preparation, payroll services, benefit administration and other general aspects of our business. ~~Our~~ **These** information systems ~~or those of our third- party providers~~, including sensitive data stored through cloud- based services that may be hosted by third parties and in data center infrastructure maintained by third parties, may be vulnerable to attack or breach. Any such attack or breach could compromise such information systems, resulting in fraud, ransom attack or theft of **our, or our customers',** proprietary or sensitive information which could be accessed, publicly disclosed, misused, stolen or lost. This could impede our sales ~~and~~ **,** disrupt or prevent manufacturing, distribution or other critical functions **or harm our customers**, and the financial costs we could incur to eliminate or alleviate these security risks could be significant and may be difficult to anticipate or measure. Moreover, such a breach could cause reputational and financial harm and subject us to liability to our customers, suppliers, business partners or any affected individual. As our business increasingly interfaces with employees, customers, vendors and suppliers using information technology systems and networks, we are subject to an increased risk to the secure operation of these systems and networks. Our evolution into smart products, Internet of Things, business- to- consumer, and e- commerce subjects us to increased cyber and technology risks. The secure operation of our information technology systems and networks and ensuring that we have skilled personnel to assist in ensuring continued security, is critical to our business operations and strategy. Information technology security threats from user error to attacks designed to gain unauthorized access to our systems, networks and data are increasing in frequency and sophistication. In addition, the products we produce or elements of such products that we procure from third parties may contain defects, vulnerabilities, or weaknesses in design, architecture or manufacture, which could lead to system security vulnerabilities in our products and compromise the network security of our customers **.** If an actual or perceived breach of network security occurs **, regardless of whether the breach is attributable to our products or services, the market perception of the effectiveness of our products or services could be harmed. The manner in which a customer implements or operates the products they purchase from us may be contrary to information security or cybersecurity industry best practices or manuals regarding use. Such implementation or improper use may lead to a cybersecurity breach and** , regardless of whether the breach is attributable to our products or services, the market perception of the effectiveness of our products or services could be harmed. Implementations of new information systems and enhancements to our current systems may be costly and disruptive to our operations. Our implementation of new information systems and enhancements to current systems, including those relating to our enterprise resource plan, human capital management and product lifecycle systems, are costly and have in the past and may in the future be disruptive to our operations. Problems, disruptions, delays or other issues in the design and implementation of these systems or enhancements have in the past and could in the future adversely impact our forecasting and planning abilities, and our ability to process customer orders, ship products, provide service and support to our customers, bill and collect in a timely manner from our customers, fulfill contractual obligations, accurately record and transfer information, recognize revenue, file securities, governance and compliance reports in a timely manner or otherwise run our business. If we are unable to successfully design and implement these new systems, enhancements, and processes as planned, if the length of time or costs are greater than anticipated, if they result in further disruptions, or if they do not operate as anticipated, our business, results of operations and financial condition could be negatively impacted. Additionally, the benefits of these new systems may not be realized until they are fully implemented and testing has been completed. We may not realize the expected benefits from any rationalization, restructuring, and improvement efforts that we have taken or may take in the future. We have and continue to undertake rationalization, restructuring, and realignment initiatives to reduce our overall cost base and improve efficiency. There can be no assurance that we will fully realize the benefits of such efforts as anticipated, and we may incur additional and / or unexpected costs to realize them. These actions could yield other unintended consequences, such as distraction of management and employees, business disruption, reduced employee morale and productivity, and unexpected employee attrition, including the inability to attract or retain key personnel. If we fail to achieve the expected benefits of any rationalization, restructuring, or realignment initiatives and improvement efforts, or if other unforeseen events occur in connection with such efforts, our business, results of operations and financial condition could be negatively impacted. Disruption of, or consolidation or changes in, the markets or operating models of our independent sales representatives, distributors and original equipment manufacturers could have a material adverse effect on our results of operations. We rely, in part, on independent sales representatives, distributors, resellers, and original equipment manufacturers for the distribution of our products and services, some of whom operate on an exclusive basis. If the financial condition or operations of these third parties weaken, including as a result of a shift away from the go- to- market operating model they currently follow, and they are unable to successfully market and sell our products, our revenue and gross margins could be adversely affected. In addition, if there are disruptions or consolidation in their markets, such parties may be able to improve their negotiating position and renegotiate historical terms and agreements for the distribution of our products or terminate relationships with us in favor of our competitors. Changes in the negotiating position of such third parties in future periods could have an adverse effect on our results of operations. ~~Our global operations subject us to income and other taxes in the U. S. and numerous foreign jurisdictions.~~ Unanticipated changes in **domestic or global** tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could cause increased variability in our effective tax rate and impact our financial performance. Variability in the mix and profitability of domestic and international activities, identification and resolution of various tax uncertainties, changes in tax laws and rates or other regulatory actions regarding taxes including the implementation of any global minimum tax for corporations, and the extent to which we are able to realize net operating loss and other carryforwards included in deferred tax assets and avoid potential adverse outcomes included in deferred tax liabilities, among other matters, may significantly impact our effective income tax rate in the future. ~~Further, changes in tax laws and rates or other regulatory actions may significantly impact the positions taken with regard to tax contingencies and we may be subject to audit and review by tax authorities, which may result in future taxes, interest and penalties.~~ Our effective tax rate in any given financial reporting period may be materially impacted by mix and level of earnings or losses by jurisdiction as well as the discrete recognition of taxable events and exposures **. Further, changes in tax laws and rates or other regulatory actions may significantly impact the positions taken with regard to tax contingencies and we may be subject to audit and review by tax authorities, which may result in future taxes, interest and penalties. We are regularly subject to audits by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes more difficult and may lead to unpredictability in our tax estimates. The results of an audit or litigation could adversely affect our financial statements in the period or periods for which that determination is made and may have negative impacts on future periods as well. Additionally, actions brought by such foreign taxing authorities could impact our licenses, permits, or certifications in that jurisdiction, which could affect our ability to operate in that jurisdiction. If we lost our ability to operate in jurisdictions, especially those where we have manufacturing facilities, our results of operations and financial performance could be materially impacted** . Any failure of our product offerings could subject us to substantial liability, including product liability claims, which could damage our reputation or the reputation of one or more of our brands. The product offerings that we provide are complex, and our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues or errors, particularly with respect to faulty components manufactured by third parties. Defects could expose us to product warranty claims, including substantial expense for the recall and repair or replacement of a product or component, and product liability claims, including liability for personal injury or property damage. We are not generally able to limit or exclude liability for personal injury or property damage to third parties under the laws of most jurisdictions in which we do business, and in the event of such incident, we could spend significant time, resources and money to resolve any such claim. We may be required to pay for losses or injuries purportedly caused by the design, manufacture, installation or operation of our products or by solutions performed by us or third parties. An inability to cure a product defect could result in the failure of a product line, temporary or permanent withdrawal from a product or market, delays in customer payments or refusals by our customers to make such payments, increased inventory costs, product reengineering expenses and our customers' inability to operate their enterprises. Such defects could also negatively impact customer satisfaction and sentiment, generate adverse publicity, reduce future sales opportunities and damage our reputation or the reputation of one or more of our brands. Any of these outcomes could have an adverse effect on our results of operations and financial condition. The global scope of our operations **, especially in emerging** ~~could impair our ability to react quickly to changing business and market~~ **markets** ~~conditions~~ **, poses specific risks** and ~~enforce~~ **challenges with respect to operations,** compliance with **laws and enforcement of consistent** company- wide standards and procedures. As of December 31, ~~2022~~ **2023** , we employed approximately 27, 000 people globally and had manufacturing facilities in the Americas, Asia Pacific and Europe, Middle East & Africa. We generate substantial revenue outside of the US **, including sales in emerging markets,** and expect that foreign revenue will continue to represent a significant portion of our total revenues. In order to manage our day- to- day operations, we must overcome cultural and language barriers and assimilate different business practices. In addition, we are required to create compensation programs, employment policies and other administrative programs that comply with the laws of multiple countries, as well as, contractual labor requirements with unions in countries where we operate with local labor unions. We also must communicate and monitor company- wide standards and directives across our global network. Our failure to successfully manage our geographically diverse operations and our contractual and regulatory obligations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with company- wide standards and procedures ~~. Our sales and operations in emerging markets exposes us to economic and political risks. We generate a significant portion of our revenue from sales in emerging markets~~ . Serving a global customer base requires that we place more materials, production and service assets in emerging markets to capitalize on market opportunities and maintain our cost position. Newer geographic markets may be relatively less profitable due to the investments needed to enter such markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rates associated with some of those markets. Operations in emerging markets can also present risks that are not encountered in countries with well- established economic and political systems, including: • changes or ~~ongoing~~ instability in a ~~country' s or~~ region' s economic or political conditions, including ~~inflation, recession, interest rate fluctuations and~~ actual or anticipated military or political conflicts, ~~which~~ could make it difficult for us to anticipate future business conditions, cause **operational** delays ~~in the placement of orders~~ , complicate **permitting** ~~our dealings with governments regarding permits~~ and other regulatory matters and make our customers less willing to make cross- border investments; • unpredictable or more frequent foreign currency exchange rate fluctuations; • inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts; • foreign state takeovers of our facilities, trade protectionism, state- initiated industry consolidation or other similar government actions or control; • changes in and compliance with international, national or local regulatory and legal environments, including laws and policies affecting trade, economic sanctions, foreign investment, labor relations, foreign anti- bribery and anti- corruption; • the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems; • longer collection cycles and financial instability among customers; • trade regulations, tariffs, boycotts and embargoes, ~~including policies adopted by countries that may favor domestic companies and technologies over foreign competitors,~~ which could impair our ability to obtain materials necessary to fulfill contracts, pursue business or establish operations in such countries; • difficulty of obtaining adequate financing and / or insurance coverage; • fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure; • political or social instability that may hinder our ability to send personnel abroad or cause us to move our operations to facilities in countries with higher costs and less efficiencies; • difficulties associated with repatriating earnings generated or held abroad in a tax- efficient manner, changes in tax laws, or tax inefficiencies; and • exposure to wage, price and capital controls, local labor conditions and regulations, including local labor disruptions and rising labor costs which we may be unable to recover in our pricing to customers. Consequently, our exposure to these conditions which may exist in or otherwise impact the emerging markets that we enter may have an adverse effect on our business, results of operations and financial condition. Any failure by us to identify, manage, integrate and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects. As part of our business strategy, we have in the past and may, from time to time in the future, acquire businesses or interests in businesses, including non- controlling interests, or form joint ventures or create strategic alliances. Whether we realize the anticipated benefits from such activities depends, in part, upon the successful integration between the businesses involved, the performance and development of the underlying products, capabilities or technologies, our correct assessment of assumed liabilities and the management of the operations. Accordingly, our financial results could be adversely affected by unanticipated performance and liability issues, our failure to achieve synergies and other benefits we expected to obtain, transaction- related charges, amortization related to intangibles, and charges for impairment of long- term assets. As it relates to our acquisition of E & I Engineering and its affiliate Powerbar Gulf (collectively, " E & I ") in November of 2021 (" Acquisition "), our ability to realize the anticipated benefits of the Acquisition will also depend, to a large extent, on our ability to integrate the two businesses. If we cannot successfully integrate and manage the two businesses within a reasonable time following the Acquisition, we may not be able to realize the potential and anticipated benefits of the Acquisition, which could have a material adverse effect on our business, financial condition and operating results. Our ability to realize the expected synergies and benefits of the Acquisition include, among other things, our ability to complete the timely integration of operations and systems, organizations, standards, controls, procedures, policies and technologies, as well as the harmonization of differences in the business cultures of us and E & I, our ability to minimize the diversion of management attention from ongoing business concerns during the integration process, our ability to retain the service of key management and other key personnel, our ability to ~~preserve~~ **maintain** customer, supplier and other important relationships and resolve potential conflicts that may arise, the risk that certain customers and suppliers will opt to discontinue business with the combined business or exercise their right to terminate their agreements ~~as a result of the Acquisition pursuant to change of control provisions in their agreements or otherwise~~ , the risk that E & I may have liabilities that we failed to or were unable to discover or were unable to quantify in the course of performing due diligence and we may not be indemnified for any of these liabilities, difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination; and difficulties in managing the expanded operations of a significantly larger and more complex combined business. With any acquisition **or divestiture** , we may encounter unexpected integration **or divestiture** - related costs, fail to realize all the benefits anticipated or be subject to other factors that adversely affect preliminary estimates. In addition, even if the operations of the two businesses are integrated **or divested** successfully, the full benefits of the acquisition **or divestiture** may not be realized, including the synergies, cost savings or sales or growth opportunities that we expect. The occurrence of any of these events, individually or in combination, could have a material adverse effect on the combined **or remaining** business' s financial condition and operating results. Additionally, achieving benefits of any acquisition **or divestiture** may require certain related one- time costs, charges and expenses, which may be material and have not yet been quantified. We expect to incur significant, non- recurring costs in connection with consummating acquisitions **or divestitures** , combining the operations of target companies **or separating the operations of divested businesses,** and achieving desired synergies **and cost savings** . These fees and costs may be substantial. No assurances can be made that the costs of achieving the anticipated cost synergies will not rise materially, or that synergies will be realized in the amounts expected, in the timeframes we currently anticipate, or at all. We can provide no assurance that we will be successful in generating growth, maintaining or increasing our cash flows or profitability or achieving cost savings and revenue enhancements in connection with the items reflected by these adjustments, and our inability to do so could have a material adverse effect on our business, cash flows, results of operations and financial position. Our operations depend on production facilities **, including the expansion of existing facilities and opening of new facilities,** throughout the world, which subjects us to varying degrees of risk of disrupted production. We operate manufacturing facilities worldwide **and continue to expand and open new facilities in different locales** . Our manufacturing facilities and operations could be disrupted by a natural disaster, labor strike, shortages in suppliers, components and parts, war, political unrest, terrorist activity, economic upheaval, changes in governmental regulations, government mandated shutdowns or shelter in place orders, or public health concerns ~~(such as the spread of COVID- 19)~~ . Some of these conditions are more likely in certain geographic regions in which we operate. Any such disruption could cause delays in **the manufacture and / or** shipments of products **, performance of services,** and the loss of sales and customers, and insurance proceeds may not adequately compensate for losses. The invasion of Ukraine by Russia and resulting sanctions by the U. S., European Union and other countries have contributed to inflation, market disruptions and increased volatility in commodity prices more acutely in the U. S. and Europe and a slowdown in global economic growth. ~~In February of 2022, a full- scale military invasion of Ukraine was commenced by Russian troops. In response to the attacks on Ukraine, a series of sanctions, increased export controls and other penalties have been levied by the U. S., European Union, and other countries.~~ The invasion **of Ukraine** by Russia **in February 2022** and resulting sanctions have had a broad range of adverse impacts on global business and financial markets, some of which have had and may continue to have adverse impacts on our business. These include increased inflation, significant market disruptions and increased volatility in commodity prices. Although the duration and extent of the ongoing military conflict is highly unpredictable, and the magnitude of the potential economic impact is currently unknown, Russian military actions and resulting sanctions could have a negative effect on our financial condition and operating results. Further, the conflict between Russia and Ukraine could lead to future additional disruption, instability and volatility in global markets and industries that could negatively impact our operations. The U. S. government and other governments in jurisdictions in which we operate have imposed severe sanctions and export controls against Russia and Russian interests and threaten additional sanctions and controls. While it is difficult to anticipate the duration and extent of the ongoing military conflict, or the impact the continuing conflict and commensurate sanctions and penalties may have on our operations, any further sanctions imposed or actions taken by the U. S. or other countries, and any retaliatory measures by Russia in response, such as additional restrictions on energy supplies from Russia to countries in the region, could increase our costs, reduce our sales and earnings or otherwise have an adverse effect on our operations. Legal and Regulatory Risks Future legislation and regulation ~~, both in the U. S. and abroad,~~ governing Internet- related services, other related communications services and information technologies could disrupt our customers' markets resulting in declines in sales volume and prices of our products and otherwise have an adverse effect on our business operations. Various laws and governmental regulations, both in the U. S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, in the U. S. regulations governing aspects of fixed broadband networks and wireless networks may change as a result of proposals regarding net neutrality and government regulation of the Internet, which could impact our communication networks customers. Although President Biden issued an executive order in July 2021 encouraging the FCC to restore net neutrality rules undone by the previous administration, the effects and ultimate outcome of government regulation of the Internet and related services pertaining to net neutrality are unclear. There are anticipated regulations forthcoming in the U. S. in the areas of cybersecurity, data privacy and data security, any of which could impact us and our customers. Similarly, cybersecurity, data privacy and data security regulations outside of the U. S. continue to evolve. Future legislation could impose additional costs on our business, disrupt our customers' markets or require us to make changes in our operations which could adversely affect our operations. Any failure to comply with evolving data privacy and data protection laws and regulations or to otherwise protect personal data, may adversely impact our business and financial results. To conduct our operations, we regularly move data across borders, and consequently we are subject to a number of continuously evolving and developing privacy and data protection laws and regulations around the world. These include, for example, the General Data Protection Regulation (GDPR) in Europe, the California Privacy Rights and Enforcement Act of 2020 (CPRA) in the U. S., and the Personal Information Protection Law (PIPL) in China. These laws impose numerous obligations on data controllers and processors. Breaches could result in substantial fines, regulatory investigations, reputational damage, orders to cease / change our use of data, enforcement notices, and potential civil claims including class action type litigation. We seek to comply with and abide by all laws and regulations to which we are subject and devote significant time and resources to our compliance efforts. Despite such efforts, there is a risk that we may be subject to fines and penalties, litigation and reputational harm if we fail to properly process or protect the data or privacy of third parties or comply with data privacy and data protection regimes. Our international operations expose us to specific legal compliance issues relating to anti- corruption laws and regulations of the U. S. government and various other international jurisdictions, and our failure to comply with those regulations could adversely impact our business. We are subject to various anti- corruption laws, including the U. S. Foreign Corrupt Practices Act (FCPA), which prohibit payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. We operate in several less- developed regions that are recognized as having a greater risk of potentially corrupt business environments and, in certain circumstances, strict compliance with anti- corruption laws may conflict with local customs and practices. Our legal compliance and ethics programs and policies, including our code of business conduct, existing policies on anti- bribery, export controls, environmental and other legal compliance, and periodic training on these matters, mandate compliance with anti- corruption laws and are designed to reduce the likelihood of a compliance violation. In the event that we have reason to believe that our employees or business partners have or may have violated applicable laws, regulations or policies, including anti- corruption laws, we are required to investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Nevertheless, such a violation could still occur, disrupting our business through fines, penalties, diversion of internal resources, negative publicity and possibly severe criminal or civil sanctions. We are subject to governmental export and import controls and sanction programs that could subject us to liability or impair our ability to compete in international markets. We, and certain of our products (including components of such products), are subject to applicable import laws, export controls and economic sanctions laws and regulations, including rule changes, evolving enforcement practices, and other government actions. Changes in import and export control or trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in claims for breach of existing contracts and modifications to existing compliance programs and training schedules. While we train our employees to comply with these regulations and have systems in place designed to prevent compliance failure, we cannot provide assurance that a violation will not occur, whether knowingly or inadvertently. Violations may result in penalties, including fines, debarments from export and import privileges, and loss of authorizations needed to conduct aspects of our international business, and may harm our ability to enter into contracts with our customers who have contracts with the U. S. government. A violation of the laws and regulations enumerated above could have an adverse effect on our business, results of operations and financial condition. Changes in U. S. or foreign trade policies, including additional tariffs or global trade conflicts, could increase the cost of our products, which could adversely impact the competitiveness of our products. There is currently significant uncertainty about the future relationship between the U. S. and various other countries with respect to trade policies and tariffs. For example, ~~the~~ **a** former U. S. administration **previously** called for substantial changes to U. S. foreign trade policy with respect to China and other countries, including the possibility of imposing greater restrictions on international trade and significant increases in tariffs on goods imported into the U. S. ~~While the~~ **Other** ~~new administration~~ **administrations** could ~~have~~ **take** a different approach to U. S. foreign trade policy, **so** there remains uncertainty **as to whether** , ~~which may reduce~~ trade between the U. S and other countries, including countries in which we operate **, may be impacted by these policy shifts** . Changes in policy or continued uncertainty could depress economic activity and restrict our access to suppliers or customers. ~~The tariffs~~ **Tariffs** implemented on our products (or on materials, parts or components we use to manufacture our products) ~~by~~ **have in** the **past** ~~former U. S. administration~~ increased the cost of our products manufactured in the U. S. and imported into the U. S. If additional tariffs or trade restrictions are implemented on our products (or on materials, parts or components we use to manufacture our products) by the U. S. or other countries, the cost of our products manufactured in countries such as China and Mexico and imported into the U. S. or other countries in which we operate could increase further. We expect to continue to pass along some of these costs to our customers, but the increased cost could adversely affect the demand for products. These cost increases could adversely affect the demand for our products and / or our profitability, which could have a material adverse effect on our business and our earnings. We are subject to risks related to legal claims and proceedings filed by or against us, and adverse outcomes in these matters may materially harm our business. We are subject to various claims, disputes, investigations, demands, arbitration, litigation, or other legal proceedings. Legal claims and proceedings may relate to labor and employment matters, commercial ~~arrangements~~ **contracts** , intellectual property, disputes with customers **and suppliers** , product liability or defects, environmental, health and safety matters, property damage, theft, personal injury, fiduciary duties of our directors and officers **, securities matters** , and various other matters. Legal matters are inherently uncertain, and we cannot predict the duration, scope, outcome or consequences. In addition, legal matters are expensive and time- consuming to defend, settle, and / or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. The unfavorable resolution of one or more of these matters could have an adverse effect on our business, results of operations and financial condition. Our financial performance may suffer if we cannot continue to develop, commercialize or enforce the intellectual property rights on which our businesses depend, or if we are unable to gain and maintain access to relevant intellectual property rights of third parties through license and other agreements, or are subjected to successful third- party claims of infringement. Our business relies on a substantial portfolio of global intellectual property rights. Intellectual property laws vary by jurisdiction and we may be unable to protect or enforce our proprietary rights adequately in all cases, or do so without undue cost. In addition, our intellectual property rights could be challenged, invalidated, infringed or circumvented. The existence of many patents in our fields, the secrecy of some pending patent applications, and the rapid rate of issuance of new patents makes it economically impractical to make conclusive advance determinations of whether a product or any of its components infringes the patent rights of others. We also rely on maintenance of proprietary information (such as trade secrets, know- how and other confidential information) to protect certain intellectual property, which can be difficult to maintain as confidential. Confidentiality agreements may not provide an adequate remedy in the event of an unauthorized disclosure, and the enforceability of such confidentiality agreements may vary from jurisdiction to jurisdiction. Failure to obtain or maintain trade secrets, protection of know- how and other confidential information could adversely impact our business. We also rely on licensing certain intellectual property rights from third parties, which requires that we monitor and manage our use of third- party and open- source software components to comply with applicable license terms. Our ability to comply with such license terms may be affected by factors that we can only partially influence or control. The continuation of good licensing relationships with our third- party licensors is important to our business. If any of our third- party licensors are acquired by our competitors, the applicable licensed intellectual property may no longer be available to us or available only on less favorable terms, which could adversely impact our business, results of operations and financial condition. In addition, third party claims of infringement by us or customers using our product, regardless of the merit of these claims, can be time- consuming, costly to defend, and may require that we develop or substitute non- infringing technologies, redesign affected products, divert management' s attention and resources away from our business, require us to enter into settlement or license agreements that may not be commercially reasonable, pay significant damage awards, including treble damages if we were found to be willfully infringing, or temporarily or permanently cease engaging in certain activities or offering certain products or services in some or all jurisdictions, and any of the foregoing could adversely impact our business. Our customer contracts and certain of our intellectual property license agreements often include obligations to indemnify our customers and licensees against certain claims of intellectual property infringement, and these obligations may be uncapped. If claims of intellectual property infringement are brought against such customers or licensees in respect of the intellectual property rights, products or services that we provide to them, we may be required to defend such customers or licensees and / or pay some or all of the costs these parties may incur related to such litigation or claims. We are subject to environmental, health and safety matters, laws and regulations, including regulations related to the composition and takeback of our products and our ownership, lease or operation of our facilities which could subject us to significant costs or liabilities. We are subject to a broad range of foreign and domestic environmental, health and safety laws, regulations and requirements, including those relating to the discharge of regulated materials into the environment, the generation and handling of hazardous substances and wastes, human health and safety, and the content, composition and takeback of our products. For example, the European Union Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive and similar laws and regulations of China and other jurisdictions limit the content of certain hazardous materials such as lead, mercury, and cadmium in the manufacture of electrical equipment, including our products. Additionally, the EU, China and other jurisdictions have adopted or proposed versions of the Waste Electrical and Electronic Equipment Directive, which requires producers of electrical and electronic equipment to assume responsibility for collecting, treating, recycling and disposing of products when they have reached the end of their useful life, as well as Registration, Evaluation, Authorization and Restriction of Chemical Substances regulations, which regulate the handling and use of certain chemical substances that may be used in our products. If we fail to comply with applicable environmental, health and safety laws and regulations, we may face administrative, civil or criminal fines or penalties, the suspension or revocation of necessary permits, and requirements to install additional pollution controls. Furthermore, current and future environmental, health and safety laws, regulations and permit requirements could require us to make changes to our operations or incur significant costs relating to compliance. For example, as climate change issues become more prevalent, foreign, federal, state and local governments and our customers have been responding to these issues. Under the current administration, the Department of Justice ~~recently~~ stated its intent to bolster its enforcement of and responses to environmental law violations by corporations, including an increased emphasis on pursuing criminal prosecutions for environmental violations. Similarly, in March 2021, the SEC formed the Climate and ESG Task Force, which monitors climate-related and other ESG disclosures in public company filings. The increased focus on environmental sustainability may result in new regulations and customer requirements, or changes in current regulations and customer requirements, which could materially adversely impact our business, results of operations and financial condition. In addition, we handle hazardous materials in the ordinary course of operations which increases the risk that there may be spills or releases of hazardous materials into the environment. We have significant manufacturing facilities in North and South America, in Asia- Pacific and in Europe, Middle East & Africa. At sites which we own, lease or operate, or have previously owned, leased or operated, or where we have disposed or arranged for the disposal of hazardous materials, we may have current liability exposure for contamination, and could in the future be liable for additional contamination. We have been, and may in the future be, required to participate in the remediation or investigation of, or otherwise bear liability for, such contamination and be subject to claims from third parties who were damaged or injured by such contamination. We are subject to risks related to increasing visibility and emphasis placed on various **environmental, social and governance (** ESG **)** - related metrics and goals, as well as any failure to achieve ESG-related goals that we establish. Businesses including ours are facing increasing scrutiny in ESG- related areas, including renewable resources, environmental stewardship, supply chain management, climate change, safety, diversity **, equity** and inclusion **(DEI)** , workplace conduct, human rights, philanthropy and support for local communities. If we fail to meet applicable standards or expectations with respect to these issues across all of our services and in all of our operations and activities, including the expectations we set for ourselves, our reputation and brand image could be damaged, and our business, financial condition and results of operations could be adversely impacted. Certain organizations that provide corporate governance and other corporate risk information to investors and stakeholders have developed, and others may in the future develop, scores and ratings to evaluate companies based in whole or part on ESG or sustainability metrics. We do not control these organizations or the content and opinions included in their reports and cannot assure that their analysis would be positive or accurate. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such companies to improve ESG disclosure or performance and may also make voting decisions, or take other actions, based on their perceptions in this regard to hold these companies and their boards of directors accountable. Moreover, if we communicate to the market certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives and goals, or we could be criticized for the scope of such initiatives or goals. The expectations and assumptions underlying any such initiatives and goals would be necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and measuring and reporting on many ESG matters. Risks Related to Our Financial Position, Investments and Indebtedness Our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets. As of December 31, ~~2022~~ **2023** , we had total goodwill and net intangible assets of $ 3, ~~100~~ **003** . ~~8~~ **2** which constituted approximately ~~44~~ **38** % of our total assets in the aggregate. We assess goodwill and indefinite lived assets for impairment annually, and we conduct an interim evaluation of definite lived and indefinite lived assets whenever events or changes in circumstances, such as operating losses or a significant decline in earnings associated with the acquired business or asset, indicate that these assets may be impaired. Our ability to realize the value of goodwill and net intangible assets will depend on the future cash flows of the businesses to which they relate. If we are not able to realize the value of the goodwill and net intangible assets, this could adversely affect our results of operations and financial condition, and also result in an impairment of those assets. We are exposed to fluctuations in foreign currency exchange rates, and our hedging activities may not protect us against the consequences of such fluctuations on our earnings and cash flows. As a result of our global operations, our business, results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates, most notably the strengthening of the U. S. dollar against the primary foreign currencies, which could adversely impact our revenue growth in future periods. For example, if the U. S. dollar strengthens against other currencies such as the euro, our revenues reported in U. S. dollars would decline. In addition, for U. S. dollar- denominated sales, an increase in the value of the U. S. dollar would increase the real cost to customers of our products in markets outside the U. S., which could result in price concessions in certain markets, impact our competitive position or have an adverse effect on demand for our products and consequently on our business, results of operations and financial condition. In the future, if we identify new material weaknesses that are not remediated, it could result in material misstatements in our financial statements. 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 consolidated financial statements will not be prevented or detected on a timely basis. As of December 31, ~~2021~~ **2023** management has concluded that the Company' s internal control over financial reporting was effective. Notwithstanding this conclusion, we have had material weaknesses in the past, and we cannot assure you that we will not ~~identify~~ additional material weaknesses in our internal control over financial reporting in the future. If we are unable to remediate any future material weaknesses identified, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the Securities and Exchange Commission, could be adversely affected. This failure could negatively affect the market price and trading liquidity of our Class A common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties and generally materially and adversely impact our business and financial condition. Our level of indebtedness could adversely affect our financial condition and prevent us from making payments on the Senior Secured Credit Facilities (as defined herein), our Notes (as defined herein) and our other debt obligations (if any). We have debt, including existing outstanding indebtedness under the Term Loan Facility (as defined herein). As of December 31, ~~2022~~ **2023** , we had approximately $ 2, ~~139~~ **118** . ~~8~~ **1** of senior secured indebtedness outstanding under the Term Loan Facility, $ 850. 0 of Senior Secured Notes due 2028 (the " Notes ") outstanding and $ ~~317~~ **554** . ~~4~~ **0** of undrawn commitments (which undrawn commitments are available subject to customary borrowing base and other conditions), and subject to separate sublimits for letters of credit, swingline borrowings and borrowings made to certain non- U. S. subsidiaries) under the ABL Revolving Credit Facility (as defined herein) (net of letters of credit outstanding in the aggregate principal amount of $ ~~17~~ **16** . ~~1~~ **0** , and taking into account the borrowing base limitations set forth in the ABL Revolving Credit Facility), which, if drawn would constitute senior secured indebtedness. Our level of indebtedness could have important consequences, including making it more difficult for us to satisfy our obligations; increasing our vulnerability to adverse economic and industry conditions; limiting our ability to obtain additional financing for future working capital, capital expenditures, raw materials, strategic acquisitions and other general corporate requirements; exposing us to interest rate fluctuations because the interest on the debt under the Senior Secured Credit Facilities is imposed, and debt under any future debt agreements may be imposed, at variable rates, which may affect the yield requirements of investors who invest in our shares, adversely impacting the price of our shares and our ability to issue equity or incur additional debt; requiring us to dedicate a portion of our cash flow from operations to payments on our debt (including interest and scheduled repayments on the outstanding term loan borrowings under the Term Loan Facility, interest payments on the Notes or any future debt agreements with similar requirements), thereby reducing the availability of our cash flow for operations and other purposes; making it more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness; limiting our ability to refinance indebtedness or increasing the associated costs; requiring us to sell assets to reduce debt or influencing our decision about whether to do so; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or preventing us from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our business; and placing us at a competitive disadvantage compared to any competitors that have less debt or comparable debt at more favorable terms and that, as a result, may be better positioned to withstand economic downturns. Despite our **current** levels of indebtedness, we have the ability to incur more indebtedness **, which** ~~. Incurring additional debt~~ could further intensify the risks described above. We may be able to incur additional debt in the future and the terms of the credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes will not prohibit us from doing so subject to certain limitations. We have the ability to draw upon the undrawn portion of our $ 570. 0 ABL Revolving Credit Facility (subject to customary borrowing base and other conditions, and subject to separate sublimits for letters of credit, swingline borrowings and borrowings made to certain non- U. S. subsidiaries) and the ability to increase the aggregate availability thereunder by up to $ 30. 0 (subject to receipt of commitments and satisfaction of certain other conditions). We also have the ability to draw upon the uncommitted accordion provided under the Term Loan Facility (subject to the receipt of commitments and satisfaction of certain other conditions), which, as of the date of closing of the Term Loan Facility, permitted incremental term loans thereunder or certain equivalent debt outside of the Term Loan Facility documentation of up to (i) the greater of $ 325. 0 and 60 % of “ Consolidated EBITDA ” (as defined in the Term Loan Facility), plus (ii) the sum of all voluntary prepayments, repurchases and redemptions of the Term Loan Facility and certain permitted indebtedness that is secured on a pari passu basis with the Term Loan Facility, in each case, to the extent not financed with the incurrence of certain additional long- term indebtedness, plus (iii) an unlimited amount so long as, on a pro forma basis (x) with respect to indebtedness secured on a pari passu basis with the Term Loan Facility, the “ ~~consolidated~~ **Consolidated** ~~first~~ **First** ~~lien~~ **Lien** ~~net~~ **Net** ~~leverage~~ **Leverage** ~~ratio~~ **Ratio** ” (as defined in the Term Loan Facility) of Vertiv Group (as defined herein) and its restricted subsidiaries would not exceed 3. 75: 1. 00 and (y) with respect to indebtedness incurred outside of the Term Loan Facility documentation and secured on a junior basis with the Term Loan Facility or unsecured, the “ ~~consolidated~~ **Consolidated** ~~total~~ **Total** ~~net~~ **Net** ~~leverage~~ **Leverage** ~~ratio~~ **Ratio** ” (as defined in the Term Loan Facility) of Vertiv Group ~~)~~ (as defined herein) and its restricted subsidiaries would not exceed, subject to certain exceptions, 5. 25: 1. 00. If new debt is added to our current debt levels, the related risks that we now face could intensify and we may not be able to meet all our respective debt obligations. In addition, the credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes do not prevent us from incurring obligations that do not constitute indebtedness under those agreements. Restrictive covenants in the credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes, and any future debt agreements, could restrict our operating flexibility. The credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes contain covenants that limit certain of our subsidiaries’ ability to take certain actions. These restrictions may limit our ability to operate our businesses, and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. The credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes restrict (subject to exceptions), among other things, our 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 of, or otherwise modify, certain debt instruments; engage in transactions with affiliates; amend organizational documents; engage in mergers or consolidations; enter into arrangements that restrict certain of our subsidiaries’ ability to pay dividends; change the nature of the business conducted by Vertiv Group and its restricted subsidiaries; and designate our subsidiaries as unrestricted subsidiaries. Additionally, the activities which may be carried out by Holdings (as defined herein) are subject to limitations. In addition, under the ABL Revolving Credit Facility, if availability goes below a certain threshold, Vertiv Group and its restricted subsidiaries are required to comply with a minimum “ ~~consolidated~~ **Consolidated** ~~fixed~~ **Fixed** ~~charge~~ **Charge** ~~coverage~~ **Coverage** ~~ratio~~ **Ratio** ” (as defined in the ABL Revolving Credit Facility) of 1. 00 to 1. 00. Our ability to comply with the covenants and restrictions contained in the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes and any future debt agreements, is not fully within our control and breaches of such covenants or restrictions could trigger adverse consequences. Our ability to comply with the covenants and restrictions contained in the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes and any future debt agreements, 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 and restrictions 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, among other factors. The breach of any of these covenants or restrictions could result in a default under the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes or any future debt, including as a result of a cross- default, that would permit the applicable note holders or lenders to terminate any outstanding commitments and declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In that case, the applicable borrowers may be unable to borrow under the Senior Secured Credit Facilities, **the Notes,** or any future debt, may not be able to repay the amounts due under the Senior Secured Credit Facilities, **the Notes,** or any future debt, may not be able to make interest payments on **the Senior Secured Credit Facilities of** the Notes and may not be able make cash available to us, by dividend, debt repayment or otherwise, to enable us to make payments on any future debt, meet other corporate needs or pay dividends. In addition, the lenders under the Senior Secured Credit Facilities, the noteholders of the Notes or any future **secured** debtholder, could proceed against the collateral securing that indebtedness. This could have serious consequences to our financial position, results of operations and / or cash flows and could cause us to become bankrupt or insolvent. Our business plan is dependent on access to funding through the capital markets. Our ability to invest in our businesses, make strategic acquisitions and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short- term borrowings. Volatility in the capital markets may increase costs associated with issuing other debt instruments, or affect our ability to access those markets. Any decline in the ratings of our corporate credit or any indications from the rating agencies that their ratings on our corporate credit are under surveillance or review with possible negative implications could adversely impact our ability to access capital. If we are unable to continue to access the capital markets, our ability to effectively execute our business plan could be adversely affected, which could have a material adverse effect on our business and financial results. Additionally, if our customers, suppliers or financial institutions are unable to access the capital markets to meet their commitments to us, our business could be adversely impacted. Risks Related to the Ownership of our Securities The Vertiv Stockholder has significant influence over us. As of February ~~17~~ **16** , ~~2023~~ **2024** , the Vertiv Stockholder beneficially owned approximately ~~10~~ **2. 1** % of our outstanding Class A common stock. As long as the Vertiv Stockholder owns or controls a significant percentage of our outstanding voting power, it will have the ability to significantly influence all corporate actions requiring stockholder approval, including the election and removal of directors and the size of our Board, any amendment to our Second Amended and Restated Certificate of Incorporation (" Certificate of Incorporation ") or Bylaws (the " Bylaws " and, together with the Certificate of Incorporation, the " Organizational Documents "), or the approval of any merger or other significant corporate transaction, including a sale of all or substantially all of our assets. The Vertiv Stockholder' s influence over our management could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our Class A common stock to decline or prevent stockholders from realizing a premium over the market price for our Class A common stock. Because our Certificate of Incorporation opts out of Section 203 of the General Corporation Law of the State of Delaware (the " DGCL ") regulating certain business combinations with interested stockholders, the Vertiv Stockholder may transfer shares to a third party by transferring their common stock without the approval of our Board or other stockholders, which may limit the price that investors are willing to pay in the future for shares of our common stock. As of February ~~17~~ **16** , ~~2023~~ **2024** , and pursuant to the Stockholders Agreement entered into by and among the Company, the Sponsor Members and the Vertiv Stockholder, the Vertiv Stockholder ~~will~~ **does not** have the right to nominate **any** ~~up to two~~ directors to our Board. The Vertiv Stockholder' s interests may not align with our interests as a company or the interests of our other stockholders. Accordingly, the Vertiv Stockholder could cause us to enter into transactions or agreements of which you would not approve or make decisions with which you would disagree. Further, the Vertiv Stockholder is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The Vertiv Stockholder may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In recognition that principals, members, directors, managers, partners, stockholders, officers, employees and other representatives of the Vertiv Stockholder and its affiliates and investment funds may serve as our directors or officers, our Certificate of Incorporation provides, among other things, that none of the Vertiv Stockholder or any principal, member, director, manager, partner, stockholder, officer, employee or other representative of the Vertiv Stockholder has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any of these persons or entities acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and these persons and entities will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for themselves or direct such opportunity to another person. These potential conflicts of interest could have a material adverse effect on our business, financial condition and results of operations if, among other things, attractive corporate opportunities are allocated by the Vertiv Stockholder to itself or its other affiliates. For more information about the Stockholders Agreement, please see the section entitled " Item 1. Business — Business Combination — Related Agreement — Stockholders Agreement. " Resales of our securities may cause the market price of our securities to drop significantly, even if our business is doing well. As restrictions on resale end and registration statements remain available for use, the sale or possibility of sale of shares by the Vertiv Stockholder, the former owners of E & I, and other investors could have the effect of increasing the volatility in our share price or the market price of our securities could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them. We cannot predict the size of any such future sales of shares or the effect, if any, that future sales would have on the market price of our shares. Sales of our Class A common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for holders to sell shares of our Class A common stock. Anti- takeover provisions contained in our Organizational Documents could impair a takeover attempt. Our Organizational Documents contain 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 more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. Certain of these provisions provide: • no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • 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 the Chief Executive Officer of the Company, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; 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 the Company. Our Certificate of Incorporation includes a forum selection clause, which could discourage claims or limit stockholders' ability to make a claim against us, our directors, officers, other employees or stockholders. Our Certificate of Incorporation includes a forum selection clause, which provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring: (a) any derivative action or proceeding brought on behalf of the Company; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees of the Company to the Company or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws; or (d) any action asserting a claims governed by the internal affairs doctrine, except for, as to each of (a) through (d) above, any claim (i) as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), (ii) which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, (iii) for which the Court of Chancery does not have subject matter jurisdiction or (iv) arising under the federal securities laws, including the Securities Act, as to which the Court of Chancery and the federal district court for the District of Delaware shall concurrently be the sole and exclusive forums. This forum selection clause may discourage claims or limit stockholders' ability to submit claims in a judicial forum that they find favorable and may result in additional costs for a stockholder seeking to bring a claim. While we believe the risk of a court declining to enforce this forum selection clause is low, if a court were to determine the forum selection clause to be inapplicable or unenforceable in an action, we may incur additional costs in conjunction with our efforts to resolve the dispute in an alternative jurisdiction, which could have a negative impact on our results of operations and financial condition. Notwithstanding the foregoing, the forum selection clause will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America shall be the sole and exclusive forum. We are a holding company and will depend on the ability of our subsidiaries to pay dividends. We are a holding company without any direct operations and have no significant assets other than our ownership interest in our subsidiaries. Accordingly, our ability to pay dividends depends upon the financial condition, liquidity and results of operations of, and our receipt of dividends, loans or other funds from, our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to make funds available to us. In addition, there are various statutory, regulatory and contractual limitations and business considerations on the extent, if any, to which our subsidiaries may pay dividends, make loans or otherwise provide funds to us. For example, the ability of our subsidiaries to make distributions, loans and other payments to us for the purposes described above and for any other purpose may be limited by the terms of the agreements governing the Senior Secured Credit Facilities, the Notes, and any of our other outstanding indebtedness. The exercise of Warrants for our Class A common stock would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of December 31, ~~2022~~ **2023** , we had Warrants to purchase an aggregate of ~~10~~ **5** , ~~533~~ **266** , ~~333~~ **667** shares of our Class A common stock outstanding. To the extent these outstanding Warrants are exercised, additional shares of Class A common stock will be issued, which will result in dilution to the then- existing holders of Class A common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Warrants may be exercised could adversely affect the market price of our Class A common stock. The valuation of our Warrants could increase the volatility in our net income (loss) in our consolidated statements of earnings (loss). The change in fair value of our Warrants is primarily the result of changes in **our** stock price and Warrants outstanding at each reporting period. The Change in Fair Value of Warrant Liabilities represents the mark- to- market fair value adjustments to the outstanding Warrants issued in connection with GSAH' s initial public offering. Significant changes in our stock price or number of Warrants outstanding may adversely affect our net income (loss) in our consolidated statements of earnings (loss). General Risk Factors Global macroeconomic conditions, including economic weakness and uncertainty in the areas in which we operate, ~~and ongoing ramifications from the COVID- 19 pandemic,~~ could adversely impact our business, results of operations and financial condition. Worldwide economic conditions generally impact demand for our product offerings. Macroeconomic weakness and uncertainty in global, regional or local areas may result in decreased orders, revenue, gross margin and earnings. Our business has been impacted from time to time in the past by macroeconomic weakness in the U. S. and various regions outside of the U. S. Continued pressures relating to global supply chain constraints, inflationary impacts on component parts and raw materials, higher overhead costs as a percentage of revenue and higher interest expense and labor shortages have resulted, and could continue to result in, economic weakness and uncertainty, which could result in: • capital spending constraints for customers and, as a result, reduced demand for our offerings; • increased price competition for our offerings; • excess and obsolete inventories; • restricted access to capital markets and financing, resulting in delayed or missed payments to us and additional bad debt expense; • excess facilities and manufacturing capacity; • significant declines in the value of foreign currencies relative to the U. S. dollar, impacting our revenues and results of operations; • financial difficulty for our customers; and • increased difficulty in forecasting business activity for us, customers, the sales channel and vendors. In ~~addition, the continuing ramifications of the global COVID- 19 pandemic, including the emergence of new variants of the virus, continue to generate a level of disruption and volatility in global markets. This disruption and volatility has adversely affected, and could continue to adversely affect, our business, results of operations, financial position, cash flows and liquidity. Such effects may be material and may include, but are not limited to: • disruptions in our supply chain due to transportation delays, travel restrictions and closures of businesses or facilities; • reductions in our operating effectiveness due to continued workforce disruptions; and • volatility in the global financial markets, which could have a negative impact on our ability to access capital and additional sources of financing in the future. In~~ order to successfully operate, we must identify, attract, develop, train, motivate and retain key employees, and failure to do so could seriously harm us. In order to successfully operate as an independent public company and implement our business plans, we must identify, attract, develop, motivate, train and retain key employees, including qualified executives, management, engineering, sales, marketing, IT support and service personnel. The market for such individuals may be highly competitive. We may not be successful in attracting, integrating or retaining qualified personnel to meet our current growth plans or future needs. Our productivity may be adversely affected if we do not integrate and train our new employees quickly and effectively. Attracting and retaining key employees in a competitive marketplace requires us to provide a competitive compensation package, which often includes cash- and equity- based compensation. If our total compensation package is not viewed as competitive, our ability to attract, motivate and retain key employees could be weakened and failure to successfully hire or retain key employees and executives could adversely impact us. Changes in our executive management team, including our executive chairman, may also cause disruptions in, and harm to, our business and failure to have an effective succession plan in place for our key executive officers could significantly delay or prevent us from achieving our business and / or development objectives and could materially harm our business ~~. As previously disclosed, our prior Chief Executive Officer retired effective December 31, 2022, for health reasons, and Giordano Albertazzi replaced him as Chief Executive Officer effective January 1, 2023. Although the Company has taken several steps to facilitate an effective succession plan and reduce the challenges associated with a transition of this type, including the inclusion of a post- employment consulting agreement with Mr. Johnson, any failure to ensure effective transfer of knowledge and a smooth transition could disrupt or adversely affect our business, results of operations, financial condition, and prospects~~ . We may elect not to purchase insurance for certain business risks and expenses and, for the insurance coverage we have in place, such coverage may not address all of our potential exposures or, in the case of substantial losses, may be inadequate. We may elect not to purchase insurance for certain business risks and expenses, such as claimed intellectual property infringement, where we believe we can adequately address the anticipated exposure or where insurance coverage is either not available at all or not available on a cost- effective basis. In addition, product liability and product recall insurance coverage is expensive and may not be available on acceptable terms, in sufficient amounts, or at all. We may be named as a defendant in product liability or other lawsuits asserting potentially large claims if an accident occurs at a location where our products, solutions or services have been or are being used. For those policies that we do have, insurance coverage may be inadequate in the case of substantial losses, or our insurers may refuse to cover us on specific claims. Losses not covered by insurance could be substantial and unpredictable and could adversely impact our financial condition and results of operations. If we are unable to maintain our portfolio of insurance coverage, whether at an acceptable cost or at all, or if there is an increase in the frequency or damage amounts claimed against us, our business, results of operations and financial condition may be negatively impacted. ~~The phase- out of LIBOR could affect interest rates for our variable rate debt and interest rate swap agreements. LIBOR is used as a reference rate for our variable rate debt under the Term Loan Facility and for our interest rate swap agreements. If interest rates increase as a result of the LIBOR phase- out, our debt service obligations on our Term Loan Facility (to the extent of the debt outstanding thereunder, and unless otherwise interest rate hedges) will increase even though the amount borrowed remains the same, and our net income and cash flows will correspondingly decrease. As announced in July 2017 by the U. K. Financial Conduct Authority (" UKFCA "), the UKFCA no longer compels or persuades participating banks to submit LIBOR quotations and has phased out LIBOR as a benchmark as of December 31, 2021. More recently, on March 5, 2021, the ICE Benchmark Administration (" IBA ") published a feedback statement on its prior December 2020 consultation regarding its intention to cease publication of most tenors of USD LIBOR after June 30, 2023. The extension does not apply to the rate' s other denominations- euro, sterling, Swiss franc and Japanese yen. Despite the extension, U. S. banking regulators have advised that most USD LIBOR originations should end by no later than December 31, 2021, and that new LIBOR originations prior to that date must provide for an alternative reference rate or a hardwired fallback. In accordance with the formal recommendation of the Alternative Reference Rates Committee (" ARRC ") issued on July 29, 2021, USD LIBOR is expected to be replaced with the Secured Overnight Financing Rate (" SOFR "), a new index calculated on a daily basis by reference to short- term repurchase agreements for U. S. Treasury securities. Although there have been certain issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it is unknown whether SOFR or any other alternative reference rates will attain market acceptance as replacements for LIBOR. The International Swaps and Derivatives Association, Inc. (" ISDA ") previously announced fallback language for USD LIBOR- referencing derivatives contracts that provides for SOFR as the primary replacement rate for USD LIBOR. Although the Term Loan Facility provides a mechanism for determining a benchmark replacement index, such replacement may not be able to be implemented prior to LIBOR becoming unavailable, which may require us to borrow at the base rate (as described in the Term Loan Facility), which may not be as favorable as LIBOR, and, if a benchmark replacement is implemented in accordance with the mechanisms in the Term Loan Facility, such replacement may not be as favorable as LIBOR. In either case, the interest rates on our variable rate debt under the Term Loan Facility may change. The new rates may be higher than those in effect prior to any LIBOR phase- out and the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our cash flow. We also have interest rate swap agreements, which are used to hedge the floating rate exposure of the Term Loan Facility. If LIBOR becomes unavailable and market quotations for specified inter- bank lending are not available, it is unclear how payments under such agreements would be calculated, which could cause the interest rate swap agreements to no longer offer us the protection we expect. Following publication of the IBA feedback statement, ISDA announced that these statements constituted an " Index Cessation Event " under the ISDA 2020 IBOR Fallbacks Protocol, triggering a " Spread Adjustment Fixing Date " of March 5, 2021 under the Bloomberg IBOR Fallback Rate Adjustments Rule Book for all LIBOR settings. Consequently, following the cessation of USD LIBOR, fallbacks for swaps will shift to SOFR, plus the spread adjustment fixed as of March 5, 2021. Although the protocol for swap replacement rates has been developed, there can be no assurance that our~~

~~swap counterparties will adhere to it. It is uncertain whether amending our then- existing swap agreements may provide us with effective protection from changes in the then- applicable interest rate on the Term Loan Facility indebtedness or other indebtedness. Similarly, although the spread adjustment is now fixed, the effect of the replacement rate is still unclear, as the spread adjustment looks back to the median difference between the risk- free rate and LIBOR over the previous five years. Consequently, such changes, reforms or replacements relating to LIBOR could have an adverse impact on the market for or value of any LIBOR- linked securities, loans, derivatives or other financial instruments or extensions of credit held by us. As such, LIBOR- related changes could affect our overall results of operations and financial condition.~~ Fluctuations in interest rates could materially affect our financial results and may increase the risk our counterparties default on our interest rate hedges. Borrowings under the Senior Secured Credit Facilities are subject to variable rates of interest and expose us to interest rate risk. Potential future increases in interest rates and credit spreads may increase our interest expense and therefore negatively affect our financial condition and results of operations, and reduce our access to capital markets. We have entered into interest rate swap agreements to hedge a portion of the floating rate exposure of the Term Loan Facility. Increased interest rates may increase the risk that the counterparties to our interest rate swap agreements will default on their obligations, which could further increase our exposure to interest rate fluctuations. Conversely, if interest rates are lower than our swapped fixed rates, we will be required to pay more for our debt than we would have had we not entered into the interest rate swap agreements. We incur significant costs and devote substantial management time as a result of operating as a public company. As a public company, we incur significant legal, accounting, and other expenses. For example, we are required to comply with certain of the requirements of the Sarbanes- Oxley Act and the Dodd- Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, and the rules of the NYSE, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements increases our legal and financial compliance costs and makes some activities more time- consuming and costly. In addition, our management and other personnel divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and to devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes- Oxley Act. Successfully implementing our business plan and complying with the Sarbanes- Oxley Act and other regulations described above requires us to be able to prepare timely and accurate Consolidated Financial Statements. Any delay in this implementation of, or disruption in, the transition to new or enhanced systems, procedures, or controls, may cause us to present restatements or cause our operations to suffer, and we may be unable to conclude that our internal controls over financial reporting are effective and to obtain an unqualified report on internal controls from our auditors.