UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number: **001-12648**

UFP Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**04-2314970** (I.R.S. Employer Identification No.)
100 Hale Street, Newburyport, MA – USA (Address of principal executive offices)	**01950-3504** (Zip Code)

(978) 352-2200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	UFPT	The NASDAQ Stock Market L.L.C.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant’s most recently completed second fiscal quarter was approximately $1,383,892,824, based on the closing sales price of $193.85 per share of such stock on the NASDAQ Capital Market on June 30, 2023.

As of February 23, 2024, there were 7,641,883 shares of common stock, $0.01 par value per share, of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts of this Form 10-K Into Which Incorporated
Portions of the registrant’s Proxy Statement for the 2024 Annual Meeting of Shareholders.	Part III

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). Management and representatives of UFP Technologies, Inc. (the “Company”) also may from time to time make forward-looking statements. These statements are subject to known and unknown risks, uncertainties, and other factors, which may cause our or our industry’s actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about the Company’s prospects; the demand for its products, the well-being and availability of the Company’s employees, the continuing operation of the Company’s locations, delayed payments by the Company’s customers and the potential for reduced or canceled orders; statements about expectations regarding customer inventory levels; statements about the Company’s acquisition strategies and opportunities and the Company’s growth potential and strategies for growth; expectations regarding customer demand; expectations regarding the Company’s liquidity and capital resources, including the sufficiency of its cash reserves and the availability of borrowing capacity to fund operations and/or potential future acquisitions; anticipated revenues and the timing of such revenues; expectations about shifting the Company’s book of business to higher-margin, longer-run opportunities; anticipated trends and potential advantages in the different markets in which the Company competes, including the medical, aerospace and defense, automotive, consumer, electronics, and industrial markets, and the Company’s plans to expand in certain of its markets; statements regarding anticipated advantages the Company expects to realize from its investments and capital expenditures; statements regarding anticipated advantages to improvements and alterations at the Company’s existing plants; expectations regarding the Company’s manufacturing capacity, operating efficiencies, and new production equipment; statements about new product offerings and program launches; statements about the Company’s participation and growth in multiple markets; statements about the Company’s business opportunities; and any indication that the Company may be able to sustain or increase its sales, earnings or earnings per share, or its sales, earnings or earnings per share growth rates.

Investors are cautioned that such forward-looking statements involve risks and uncertainties that could adversely affect the Company’s business and prospects, and otherwise cause actual results to differ materially from those anticipated by such forward-looking statements, or otherwise, including without limitation: financial condition and results of operations, including risks relating to substantially decreased demand for the Company’s products; risks relating to the potential closure of any of the Company’s facilities or the unavailability of key personnel or other employees; risks that the Company’s inventory, cash reserves, liquidity or capital resources may be insufficient; risks relating to delayed payments by our customers and the potential for reduced or canceled orders; risks related to customer concentration; risks associated with the identification of suitable acquisition candidates and the successful, efficient execution of acquisition transactions, the integration of any such acquisition candidates, the value of those acquisitions to our customers and shareholders, and the financing of such acquisitions; risks related to our indebtedness and compliance with covenants contained in our financing arrangements, and whether any available financing may be sufficient to address our needs; risks associated with efforts to shift the Company’s book of business to higher-margin, longer-run opportunities; risks associated with the Company’s entry into and growth in certain markets; risks and uncertainties associated with seeking and implementing manufacturing efficiencies and implementing new production equipment; risks and uncertainties associated with growth of the Company’s business and increases to sales, earnings and earnings per share; risks relating to our ability to achieve our environmental, social and governance (“ESG”) objectives or otherwise meet the expectations of our stakeholders with respect to ESG matters; risks relating to cybersecurity, including cyber-attacks on the Company’s information technology infrastructure, products, suppliers, customers and partners, and cybersecurity-related regulations; and risks associated with new product and program launches. Accordingly, actual results may differ materially.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential,” and similar expressions intended to identify forward-looking statements. Our actual results could be different from the results described in or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts, and projections, and may be materially better or worse than anticipated. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements represent our current beliefs, estimates and assumptions and are only as of the date of this Report. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this Report, in order to reflect changes in circumstances or expectations, or the occurrence of unanticipated events, except to the extent required by applicable securities laws. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed above and under “Risk Factors” set forth in Part I Item 1A of this Report, as well as the risks and uncertainties discussed elsewhere in this Report. We qualify all of our forward-looking statements by these cautionary statements. We caution you that these risks are not exhaustive. We operate in a continually changing business environment and new risks emerge from time to time.

Unless the context requires otherwise, the terms “we”, “us”, “our”, or “the Company” refer to UFP Technologies, Inc. and its consolidated subsidiaries.

ITEM 1. BUSINESS

The Company is a designer and custom manufacturer of comprehensive solutions for medical devices, sterile packaging, and other highly engineered custom products. The Company believes it is an important link in the medical device supply chain and a valued outsource partner to many of the top medical device manufacturers in the world. The Company’s single-use and single-patient devices and components are used in a wide range of medical devices and packaging for minimally invasive surgery, infection prevention, surfaces and support, wound care, wearables, orthopedic soft goods, and orthopedic implants.

The Company is diversified by also providing highly engineered products and components to customers in the automotive, aerospace and defense, and industrial/other markets. Typical applications of its products include military uniform and gear components, automotive interior trim, air filtration, and protective cases and inserts.

The Company was incorporated in the State of Delaware in 1993.

The consolidated financial statements of the Company include the accounts and results of operations of UFP Technologies, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Available Information

The Company’s Internet website address is http://www.ufpt.com. Through its website, the Company makes available, free of charge, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission (“SEC”). These SEC reports can be accessed through the investor relations section of the Company’s website. The information found on the Company’s website is not incorporated by reference in this or any other report filed with or furnished to the SEC. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding the Company and other issuers that file electronically with the SEC. The SEC’s Internet website address is http://www.sec.gov.

Market Overview

The applications for the Company’s products are numerous and diverse. The Company sells its products into distinct markets with its primary focus on the MedTech market:

- **MedTech** – The global medical market is large, growing, and varied but the Company targets and operates in specific segments where its design and manufacturing expertise and access to highly specialized materials helps customers differentiate products, improve patient outcomes, and increase their client’s speed to market. The product segments we target, and within which we operate, include minimally invasive surgery, infection control, orthopedics, interventional & surgical, surfaces & support, therapeutics, diagnostics, wound care, and biopharma.

- **Automotive** – Automotive companies are challenged with creating quieter, safer and more efficient vehicles. The Company partners with OEMs, Tier 1 suppliers, and its own material manufacturers to develop customized solutions designed to solve automakers’ biggest challenges.

- **Aerospace & Defense** – With regard to the aerospace market, the Company primarily targets commercial aircraft manufacturers to address the need for improved safety, better fuel economy, lower emissions, and overall passenger comfort. With regard to the defense market, as a long-time supplier to military defense contractors and law enforcement, the Company provides highly innovative solutions to enhance soldier safety, improve comfort, and protect mission critical equipment.

- **Industrial/Other** – The applications for the Company's industrial and other products are highly diverse. Examples include air and liquid filters, thermal and acoustic insulation, seals and gaskets, and comfort gear for sports equipment.

Products

The Company’s custom products are targeted at macro market trends and create specific opportunities in niche segments where the Company’s access to specialty materials, engineering know-how, and processing expertise can be leveraged to create value for its customers. Examples of its custom products targeted to specific markets include:

- **MedTech** – Protective drapes for robotic surgery, single patient use surfaces, advanced wound care, infection prevention, disposables for surgical and endoscopic procedures, packaging for medical devices, orthopedic implants, biopharma drug manufacturing, and dispenser coils for catheters. In general, the Company’s solutions are all aimed at improving treatment outcomes while reducing risk and cost.

- **Automotive** – Molded components designed to make cars lighter (therefore more fuel efficient), quieter, and safer. Applications include acoustic insulation, interior trim, load floors, sunshades, SUV cargo cover handles, driveshaft damping, engine & manifold covers, quarter panels and wheel liners.

- **Aerospace & Defense** – With regard to the aerospace market, molded composites for commercial aviation make planes lighter and safer. With regard to the defense market, molded composites for military gear improve the safety and comfort of soldiers. Applications include backpack components, knee and elbow pads, eyewear, and helmets. In addition, the Company supplies **r**eusable cases and custom inserts to quickly and safely transport, store, and deploy mission-critical equipment. Applications include military ballistics panels, virtual training systems, drones, communications equipment, and rugged portable computers.

Regulatory Climate and Environmental Considerations

The Company’s medical customers typically require FDA approval for their products and therefore sometimes require their suppliers to manufacture in facilities that are FDA registered and comply with the ISO 13485 quality standard for medical devices. The Company has eleven manufacturing locations that are ISO 13485 certified and eight that are FDA registered. The Company’s automotive customers sometimes require their suppliers to certify their manufacturing locations to the IATF 16949 automotive quality standard. The Company’s Grand Rapids, MI facility meets this requirement. The Company designs products to provide optimum performance with minimum material. In addition, the Company bales and disposes of certain of its urethane and cross-linked foam scrap for use in various recycled products. The Company’s Newburyport, MA facility utilizes solar power to provide approximately 6% of its electricity, with plans to increase capacity in the future. The Company is aware of public support for environmentally responsible packaging and products. Future government action may impose restrictions affecting the industry in which the Company operates. There can be no assurance that any such action will not adversely impact the Company’s products and business.

Marketing and Sales

The Company markets to the target industries it serves by promoting specific solutions, materials, and manufacturing capabilities and services. The Company markets through websites, trade shows and expositions, social media, online advertising, emails, and press releases. Its relationships with key material suppliers are also an important part of its marketing and sales efforts. The Company markets and sells its products principally through a direct sales force. The Company’s commercial sales force, in conjunction with Company engineers, collaborate with customers and in-house design and manufacturing experts to develop custom-engineered solutions on a cost-effective basis. For the year ended December 31, 2023, one customer’s sales were approximately 28% of total sales; no other customer’s sales exceeded 10% of total sales. For additional information, see “Risk Factors— We depend on a small number of customers for a large percentage of our revenues. The loss of any such customer, a reduction in sales to any such customer, or the decline in the financial condition of any such customer could have a material adverse effect on our business, financial condition, and results of operations.”

Seasonality is not a major factor in the Company’s sales. See the Company’s consolidated financial statements contained in Part IV, Item 15, of this Report for net sales by market.

Manufacturing

The Company’s manufacturing operations consist primarily of cutting, routing, compression and injection, molding, vacuum-forming, laminating, radio frequency and impulse welding and assembling. For medical custom-molded foam products and thermoplastic welded devices, the Company’s skilled engineering personnel analyze specific customer requirements to design and build prototype products to determine product functionality. Upon customer approval, prototypes are converted to final designs for commercial production runs. Molded cross-linked foam products are produced in a thermoforming process using heat, pressure, and precision metal tooling. Thin films and other materials are sealed using radio frequency and impulse welding. Reticulated polyurethane foam is also used for many high-performance medical products requiring precision fluid or air management. These products are typically fabricated using high speed die-cutting or waterjet cutting. Laminated products for medical, military, and personal comfort and protection are produced through a process whereby the foam medium is heated to the melting point and the heated foam is typically bonded to a non-foam material through the application of mechanical pressure.

The Company also engineers components for automotive use as interior trim and structural applications. These components are produced using a compression molding process to create highly functional composites consisting of various materials such as polypropylene/fiberglass panels, nonwovens, and fabrics. Highly specialized polypropylene based nonwoven material is used for automotive interior noise reduction and is fabricated using a die cut process. Foam for filtration, acoustical, and thermal insulation products that do not utilize cross-linked foam are fabricated by cutting shapes from blocks of foam, using specialized cutting tools, routers, water jets, and hot wire equipment, and assembling these shapes into the final product using a variety of foam welding or gluing techniques. Products can be used on a stand-alone basis or bonded to another foam product or other material such as a corrugated medium.

The Company does not manufacture any of the raw materials used in its products. With the exception of certain grades of cross-linked foam and technical polyurethane foams, these raw materials are available from multiple supply sources. Although the Company relies upon a limited number of suppliers for cross-linked and technical polyurethane foams, the Company’s relationships with its suppliers are good, and the Company expects that these suppliers will be able to meet its requirements for these foams. Any delay or interruption in the supply of raw materials could have a material adverse effect on the Company’s business.

Research and Development

The Company’s engineering personnel continuously explore new design and manufacturing techniques, as well as new and innovative materials to meet the unique demands and specifications of its customers. Research and development is an integral part of the Company’s ongoing cost structure.

Competition

The medical design and contract manufacturing industry is highly competitive as is the foam and plastics converting industry as a whole. While there are several national companies that convert foam and plastics, the Company’s primary competition is from smaller independent regional manufacturing companies. These companies generally market their products in specific geographic areas from neighboring facilities. The Company’s custom engineered products face competition primarily from smaller companies that typically concentrate on production of products for specific industries. The Company expects to compete effectively in the engineered products market due to its ability to address its customers' primary vendor selection criteria, including inclusion on their preferred supplier lists, price, product performance, product reliability, and customer service, as well as its access to a wide variety of materials, its engineering expertise, its ability to combine foams with other materials such as plastics and laminates, and its ability to manufacture products in a clean room environment.

Patents and Other Proprietary Rights

The Company relies upon trade secrets, patents, and trademarks to protect its technology and proprietary rights. The Company believes the improvement of existing products, reliance upon trade secrets and unpatented proprietary know-how, and the development of new products are generally as important as patent protection in establishing and maintaining a competitive advantage. Nevertheless, the Company has obtained patents and may continue to make efforts to obtain patents, when available, although there can be no assurance that any patent obtained will provide substantial protection or be of commercial benefit to the Company, or that its validity will be upheld if challenged. The Company has a total of 19 active patents relating to technologies including foam, packaging, tool control technologies, radio frequency welding, automotive superforming processes and certain nail file technologies. The Company also has patent applications in process. There can be no assurance that any patent or patent application will provide significant protection for the Company's products and technology or will not be challenged or circumvented by others. The expiration dates for the Company's patents range from 2024 through 2040. FlexShield®, FirmaLite®, BioShell®, T-Tubes®, Tri-Covers®, Design Nail®, Pro-Sticks®, Cryoshell® Case Fit®, Alloshell®, Flash Shiner®, Mambo®, and EZ Card® are the Company's U.S. registered trademarks. Each trademark, trade name, or service mark of any other company appearing in this Report belongs to its respective holder.

Human Capital Management

As of January 27, 2024, the Company had a total of 3,093 full-time employees (compared to 2,665 full-time employees as of January 28, 2023) and 200 temporary employees (compared to 303 temporary employees at January 28, 2023). The Company is not a party to any collective bargaining agreements. The Company considers its employee relations to be good.

The Company strives to promote a workplace that is professional, provides opportunity for career growth and treats all workers with dignity and respect. The Company will not tolerate unlawful discrimination and harassment in the workplace; it expressly prohibits any form of unlawful discrimination or harassment based on race, color, religion, sex, sexual orientation, gender identity or expression, national origin, ethnicity, age, physical or mental disability, genetic information, military or veteran status, pregnancy, childbirth or related medical conditions, or any other legally protected status under applicable federal, state, or local law.

The Company's employees are tasked with upholding our Code of Ethics and Business Conduct, which we view as an important component of our operating strategy. This policy covers the conduct of the Company's employees in their work-related dealings with each other, as well as interactions with our customers, vendors, and other business partners. The Company's compliance hotline is maintained for the confidential reporting of any suspected policy violations or unethical business conduct.

The Company's commitment to its employees starts at the top with an executive-level officer – Senior Vice President of Human Resources ("SVP of HR") – reporting to the CEO, attending all board meetings, and having significant involvement with the board's compensation committee. This commitment is reflected in our efforts to attract, engage, and retain the best people possible.

Compensation and Benefits

The Company's compensation and benefits offerings are supported by regular third-party benchmarking surveys. In addition to competitive compensation practices, the Company offers annual stock award bonus programs to reward and retain executives and key employees. Access to company subsidized health, life and disability insurance; a matching 401(k) plan; and paid time off for vacation, illness and personal reasons, are the highlights of the Company's benefits available to all eligible full-time employees. For those employees struggling with life's challenges, the Company offers employee assistance programs.

Growth and Development

The Company supports every employee's opportunity for career growth. It offers tuition reimbursement for employees to further their industry-related formal education; access to virtual training and education platforms; reimbursement to attend work-related seminars; and on-the-job training and cross-training to improve job skills. Its talent management program provides feedback on performance, identifies employees with potential for advancement, and allows for personalized career development plans. Its summer internship program provides the opportunity for college and technical school students to demonstrate and develop the skills to become valuable members of our team.

The Company's commitment to its employees has resulted in several national, regional, and local "Best in Class" awards.

Safety

As an essential manufacturing company, the Company takes its responsibility to our essential employees' health and safety seriously. Its corporate safety officer reports directly to the SVP of HR and works with dedicated safety officers at each of our plants to implement safety programs and training. Safety audits are conducted regularly to ensure compliance.

ITEM 1A. RISK FACTORS

The risks factors described below could materially impact our business, including our results of operations and financial results. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial, or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties occurs, our business, financial condition and operating results would likely suffer.

Risks Related to our Business

Our business, operating results, and cash flows have been affected and may continue to be adversely affected by inflation.

Inflationary pressures have increased due to general macroeconomic factors as well as the global supply chain disruptions and labor shortages. Although inflation rates have somewhat normalized, rates could again rise in the foreseeable future. These inflationary pressures have affected our manufacturing costs, operating expenses (including wages) and other expenses. We may not be able to pass these cost increases on to our customers in a timely manner, which could have an impact on our gross margins and profitability. In addition, inflation has resulted in higher interest rates and could otherwise adversely impact the macroeconomic environment, which in turn could adversely impact our customers and their ability or willingness to purchase our products. Our inability to successfully manage the effects of inflation could have a material adverse effect on our business, results of operations and cash flows.

The ongoing conflict between Russia and Ukraine and the related implications could have a material adverse effect on our business and results of operations.

As a result of the ongoing military conflict between Russia and Ukraine, the United States and other countries have imposed significant sanctions on Russia and could impose even wider sanctions. The military conflict and related sanctions could damage or disrupt international commerce and the global economy. We cannot predict the broader or longer-term consequences of the conflict or of the sanctions imposed to date or in the future, which could include embargoes, regional instability, geopolitical shifts, exchange rate fluctuations, financial market disruptions and economic recession. Further, the conflict could exacerbate supply chain challenges, lead to an increase in cyberattacks from Russia, affect the global price and availability of key commodities, reduce our sales and earnings or otherwise have an adverse effect on our business and results of operations.

In addition, the conflict between Russia and Ukraine may have the effect of heightening other risks disclosed in this Form 10-K, any of which could materially and adversely affect our business and results of operations. Such risks include but are not limited to interruptions in the transportation channels for the manufacture and global distribution of our products, heightened inflation, depressed levels of consumer and commercial spending, adverse changes in international trade policies and relations, and the inability to implement and execute our business strategy. We are currently unable to predict the extent, nature or duration of any of these occurrences.

We depend on a small number of customers for a large percentage of our revenues. The loss of any such customer, a reduction in sales to any such customer, or the decline in the financial condition of any such customer could have a material adverse effect on our business, financial condition, and results of operations.

A limited number of customers typically represent a significant percentage of our revenues in any given year. Our top ten customers represented approximately 59%, 47%, and 34% of our total revenues in 2023, 2022, and 2021, respectively. One customer comprised approximately 28% of our total sales for the year ended December 31, 2023; that same customer comprised approximately 21% of our total sales for the year ended December 31, 2022. No one customer's sales exceeded 10% of total sales for the year ended December 31, 2021. The loss of a significant portion of our expected future sales to any of our large customers would have a material adverse effect on our business, financial condition, and results of operations. Likewise, a material adverse change in the financial condition of any of these customers could have a material adverse effect on our ability to collect accounts receivable from any such customer. Two customers represented approximately 17% and 12%, respectively, of gross accounts receivable for the year ended December 31, 2023, and one customer represented approximately 10% of gross accounts receivable for the year ended December 31, 2022.

Our business could be harmed if our products contain undetected errors or defects or do not meet applicable specifications.

Based on customer specifications, we are continuously developing new products and improving existing products. Our existing and newly introduced products can contain undetected errors or defects. In addition, these products may not meet their performance specifications under all conditions or for all applications. If, despite internal testing and testing by customers, any of our products contain errors or defects or fail to meet applicable specifications, then we may be required to enhance or improve those products or technologies. We may not be able to do so on a timely basis, if at all, and may only be able to do so at considerable expense. If a particular error or defect is repeated throughout our production process, the cost of repairing such defect may be highly disproportionate to the original cost of the product or component. In addition, any significant errors, defects, or other performance failures could render our existing and/or future products unreliable or ineffective and could lead to decreased confidence in our products, adverse customer reaction, negative publicity, mandatory or voluntary recalls, or legal claims, the occurrence of any of which could have a material adverse effect upon our business, financial condition, and results of operations.

Further, if our products are defectively designed, manufactured, or labeled, contain defective components or are misused, we may become subject to costly litigation by our customers or be expected to fund product recalls. Product liability claims could divert management's attention from our core business, be expensive to defend and result in sizable damage awards against us.

New technologies could result in the development of new products by our competitors and a decrease in demand for our products, which could materially adversely affect our business, financial condition and results of operations.

Our failure to develop new technologies, or anticipate or react to changes in existing technologies, could result in a decrease in our sales and a loss of market share to our competitors. Our financial performance depends on our ability to design, develop, and manufacture new products and product enhancements on a timely and cost-effective basis. We may not be able to successfully identify new product opportunities or develop and bring new products to market in a timely and cost-effective manner.

Products or technologies developed by other companies may render our products or technologies obsolete or noncompetitive. Our failure to identify or capitalize on any fundamental shifts in technologies, relative to our competitors, could have a material adverse effect on our competitive position within our industry and harm our relationships with our customers.

If we fail to comply with specific provisions of our customer contracts or Food and Drug Administration (FDA) regulations, our business could be materially adversely affected.

Our customer contracts, particularly with respect to contracts for which the government is a direct or indirect customer, may include unique and specialized requirements. This may also include contracts with customers that manufacture goods subject to FDA regulations. Failure to comply with the specific provisions in our customer contracts, or any violation of government or FDA contracting regulations, could result in termination of the contracts, increased costs to us, suspension of payments, imposition of fines, and suspension from future government contracting. Further, any negative publicity related to our failure to comply with the provisions in our customer contracts could have a material adverse effect on our business, financial condition, or results of operations.

Increased focus on our environmental, social, and governance ("ESG") responsibilities have and will likely continue to result in additional costs and risks, and may adversely impact our reputation, employee retention, and willingness of customers and partners to do business with us.

Institutional, individual, and other investors, proxy advisory services, regulatory authorities, consumers and other stakeholders are increasingly focused on ESG practices of companies. Some investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies and actions relating to ESG are inadequate. Our disclosures on these matters, or a failure to meet evolving stakeholder expectations for ESG practices and reporting, may potentially harm our reputation and customer relationships.

As ESG best practices and reporting standards continue to develop, we may incur increasing costs relating to ESG monitoring and reporting and complying with ESG initiatives. The standards for tracking and reporting on ESG matters and disclosure frameworks are relatively new, have not been harmonized, and continue to evolve. Ensuring there are systems and processes in place to comply with the various ESG tracking and reporting obligations may require management time and expense. As we look to respond to evolving standards for identifying, measuring, and reporting ESG metrics, our efforts may result in a significant increase in costs and may nonetheless not meet investor or other stakeholder expectations and evolving standards or regulatory requirements, which may negatively impact our financial results, our reputation, our ability to attract or retain employees, our attractiveness as a supplier, investment, or business partner, or expose us to government enforcement actions, private litigation, and actions by stockholders or stakeholders. In addition, if our competitors' ESG performance is perceived to be better than ours, potential or current investors may elect to invest with our competitors.

Increased focus and evolving views of lawmakers on climate change and other ESG issues could have a long-term impact on our business and result of operations.

Increased public awareness and concern regarding global climate change and other ESG matters may result in more international, regional, and/or federal regulatory or other stakeholder requirements or expectations that could mandate more restrictive or expansive standards, such as more prescriptive reporting of ESG metrics, practices, and targets, or require such changes on a more accelerated time frame. There continues to be a lack of consistent climate and other ESG legislation, which creates economic and regulatory uncertainty; however, there has been an increasing amount of legislative and regulatory activity, particularly in the European Union, United Kingdom, and U.S. In addition, there is also an increasing number of state-level anti-ESG initiatives in the U.S. that may conflict with other regulatory requirements, resulting in regulatory uncertainty. New or revised legal and regulatory requirements could impose significant operational restrictions and compliance requirements upon the Company or its products, and could negatively impact the Company's business, capital expenditures, results of operations, financial condition, and competitive position.

Global climate change and related regulations and changes in customer demand could negatively affect our operations and our business.

The effects of climate change could create financial risks to our business. For example, the effects of physical impacts of climate change could disrupt our operations by impacting the availability and cost of materials needed for manufacturing, exacerbate existing risks to our supply chain, disrupt our operations, and increase insurance and other operating costs. These factors may impact our decisions to construct new facilities or maintain existing facilities in areas more prone to physical climate risks. We could also face indirect financial risks passed through the supply chain and disruptions that could result in increased prices for our products and the resources needed to produce them.

The growing focus on addressing global climate change has resulted in more regulations designed to reduce greenhouse gas emissions and more customer demand for products and services that have a lower carbon footprint or that help businesses and consumers reduce carbon emissions throughout their value chains. We may be required to further increase research and development and other capital expenditures in order to develop offerings that meet these new regulations, standards, and customer demands. There can be no assurance that our new product development efforts will be successful, that our products will be accepted by the market, or that economic returns will reflect our investments in new product development.

We may pursue acquisitions or other strategic relationships that involve inherent risks, any of which may cause us to not realize anticipated benefits.

Our business strategy includes the acquisition of businesses and other business combinations that we expect will complement and expand our business. In addition, we may also pursue other strategic relationships or opportunities. We may not be able to success-fully identify suitable acquisition or other strategic opportunities or complete any particular acquisition, combina-tion, or other transaction on acceptable terms. Our identification of suitable acquisition candidates and strategic opportunities involves risks inherent in assessing the values, strengths, weaknesses, risks, and profitability of these opportunities including their effects on our business, diversion of our management's attention and risks associated with unanticipated problems or unforeseen liabilities. Our failure to identify suitable acquisition or other strategic opportunities may restrict our ability to grow our business. If we are successful in pursuing future acquisitions or strategic opportunities, we may be required to expend significant funds, incur additional debt, or issue additional securities, which may materially and adversely affect our results of operations and be dilutive to our stockholders. If we spend significant funds or incur additional debt, our ability to obtain financing for working capital or other purposes could decline and we may be more vulnerable to economic downturns and competitive pressures. In addition, we cannot guarantee that we will be able to finance additional acquisi-tions or that we will realize any anticipated benefits from acquisitions or other strategic opportunities that we complete. When and if we successfully acquire another business, the process of successfully integrating the acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial re-sources that would otherwise be available for the ongoing development or expansion of our existing business. Decreases in customer loyalty or product orders, failure to retain and develop the acquired workforce, failure to integrate financial reporting systems, failure to establish and maintain appropriate controls or unknown or contingent liabilities could adversely affect our ability to realize the anticipated benefits of an acquisition. The integration of an acquired business whether or not successful, requires significant efforts which may result in additional expenses and divert the attention of our management and technical personnel from other projects. These transactions are inherently risky, and there can be no assurance that any past or future transaction will be successful.

Failure to retain key personnel could impair our ability to execute our business strategy.

The continuing service of our executive officers and essential sales, engineering, technical and management personnel, together with our ability to attract and retain such personnel, is an important factor in our continuing ability to execute our strategy. There is substantial competition to attract such employees, and the loss of any such key employees could have a material adverse effect on our business and operating results. The same could be true if we were to experience a high turnover rate among sales, engineering and technical personnel and we were unable to replace them.

We operate in highly competitive industries, and we may be unable to compete successfully, which could materially adversely affect our business, financial condition and results of operations.

We face intense competition in all markets and in each area of our business, in some cases from our own customers bringing programs in-house. Our current competitors may increase their participation in, or new competitors may enter into, the markets in which we compete. In addition, our suppliers may acquire or develop the capability and desire to compete with us. If our suppliers choose to expand their own operations, through acquisitions or otherwise, and begin manufacturing and selling products directly to our customers, it could reduce our pricing or sales volume and overall profitability. If we are unable to compete successfully with new or existing competitors, it could have a material adverse effect on our business, financial condition, and results of operations.

Further, technological innovation by any of our existing competitors, or new competitors entering any of the markets in which we do business, could put us at a competitive disadvantage and could cause us to lose market share. Increased competition for the sales of our products could result in price reductions, reduced margins, and loss of market share, which could materially adversely affect our prospects, business, financial condition and results of operations.

Security breaches, including cybersecurity incidents and other disruptions could compromise our information, expose us to liability and harm our reputation and business.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, personal information, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees in our data centers and on our networks. The secure maintenance and transmission of this information is critical to our operations and business strategy. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission, and storage of confidential information. Computer hackers may attempt to penetrate our computer systems and, if successful, misappropriate personal or confidential business information. In addition, an employee, contractor, or other third-party with whom we do business may attempt to circumvent our security measures in order to obtain such information and may purposefully or inadvertently cause a breach involving such information. Despite the security measures we have in place and any additional measures we may implement in the future to safeguard our systems and to mitigate potential security risks, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches. Any such compromise of our data security and access, public disclosure, or loss of personal or confidential business information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of our operations, damage to our reputation, loss of our customers' willingness to transact business with us, and subject us to additional costs and liabilities which could materially adversely affect our business. While we maintain insurance for cyber events, our insurance may not be sufficient to cover us against all losses that could potentially result from a breach of our systems or loss of sensitive data.

Disruptions in the supply of components and raw materials we use in manufacturing our products could cause production delays or reductions in the number of products we manufacture, which could materially adversely affect our business, financial condition, and results of operations.

Our business is subject to the risk of periodic shortages of raw materials. We purchase raw materials pursuant to purchase orders placed from time to time in the ordinary course of business. Failure or delay by such suppliers in supplying us necessary raw materials could adversely affect our ability to manufacture and deliver products on a timely and competitive basis.

While we believe that we may, in certain circumstances, secure alternative sources of these materials, we may incur substantial delays and significant expense in doing so, the quality and reliability of alternative sources may not be the same and our operating results may be materially adversely affected. Alternative suppliers might charge significantly higher prices for materials than we currently pay. Under such circumstances, the disruption to our business could have a material adverse impact on our customer relationships, business, financial condition, and results of operations.

In addition, we are dependent on a relatively small number of suppliers for cross-linked foam, thermoformed plastic urethane and technical polyurethane foams. While we believe that we have developed strong relationships with these suppliers, any failure or delay by such suppliers in supplying us these necessary products could adversely affect our ability to manufacture and deliver products on a timely and competitive basis.

We may be unable to protect our proprietary technology from infringement.

We rely on a combination of patents, trademarks, and unpatented proprietary know-how and trade secrets to establish and protect our intellectual property rights. We enter into confidentiality agreements with suppliers, customers, employees, consultants, and potential acquisition candidates as necessary to protect our know-how, trade secrets and other proprietary information. However, these measures and our patents and trademarks may not afford complete protection of our intellectual property, and it is possible that third parties may copy or otherwise obtain and use our proprietary information and technology without authorization or otherwise infringe on our intellectual property rights. We cannot assure that our competitors will not independently develop equivalent or superior know-how, trade secrets or production methods. Significant impairment of our intellectual property rights could harm our business or our ability to compete. For example, if we are unable to maintain the proprietary nature of our technologies, our profit margins could be reduced as competitors could more easily imitate our products, possibly resulting in lower prices or lost sales for certain products. In such a case, our business, financial condition, and results of operations may be materially adversely affected.

Our products could infringe the intellectual property rights of others, which may lead to litigation that could itself be costly, result in the payment of substantial damages or royalties, and prevent us from using technology that is essential to our products.

We cannot guarantee that our products, manufacturing processes or other methods do not infringe the patents or other intellectual property rights of third parties. Infringement and other intellectual property claims and proceedings brought against us, whether successful or not, could result in substantial costs and harm our reputation. Such claims and proceedings can also distract and divert our management and key personnel from other tasks important to the success of our business. In addition, intellectual property litigation or claims could force us to do one or more of the following:

- Cease selling or using any of our products that incorporate the asserted intellectual property, which would adversely affect our revenues;
- Pay substantial damages for past use of the asserted intellectual property;
- Obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all; and/or
- Redesign or rename, in the case of trademark claims, our products to avoid infringing the intellectual property rights of third parties, which may be costly and time-consuming, even if possible.

In the event of an adverse determination in an intellectual property suit or proceeding, or our failure to license essential technology, our sales could be harmed, and our costs could increase, which could materially adversely affect our business, financial condition, and results of operations.

Reductions in the availability of energy supplies or an increase in energy costs may increase our operating costs.

We primarily use electricity and natural gas at our manufacturing facilities to operate our equipment. Over the past several years, prices for electricity and natural gas have fluctuated significantly. An outbreak or escalation of hostilities between the United States and any foreign power, or between foreign powers, or a natural disaster, could result in a real or perceived shortage of petroleum and/or natural gas, which could result in an increase in the cost of electricity or energy generally as well as an increase in the cost of our raw materials, of which many are petroleum-based. In addition, increased energy costs negatively impact our freight costs due to higher fuel prices. Future limitations on the availability or consumption of petroleum products and/or an increase in energy costs, particularly electricity for plant operations, could have a material adverse effect upon our business, financial condition, and results of operations.

Consolidation in the healthcare industry could result in greater competition and reduce our revenues and harm our business.
Many healthcare industry companies are consolidating to create new companies with greater market power. As the healthcare industry consolidates, competition to provide products and services to industry participants will become more intense. These industry participants may try to use their market power to negotiate price reductions for our products or may undertake additional vertical integration or supplier diversification initiatives. If we are forced to reduce our prices, our revenues would decrease and our operating results would suffer.

Expansion of our operations into markets outside of the U.S. subjects us to political, economic, legal, operational, and other risks that could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

We have recently added manufacturing facilities in the Dominican Republic, Ireland, Costa Rica, and Mexico. We may continue to expand our operations by offering our services and entering new lines of business in other markets outside of the U.S. This expansion increases our exposure to the inherent risks of doing business in international markets. Depending on the market, these risks include those relating to:

- Changes in the local economic environment including, among other things, labor cost increases and other general inflationary pressures;

- Political instability, armed conflicts, or terrorism;
- Public health crises, such as pandemics or epidemics;
- Social changes;
- Intellectual property legal protections and remedies;
- Trade regulations;
- Procedures and actions affecting approval, production, pricing, reimbursement and marketing of products and services;
- Foreign currency;
- Additional U.S. and foreign taxes;
- Export controls;
- Antitrust and competition laws and regulations;
- Lack of reliable legal systems which may affect our ability to enforce contractual rights;
- Changes in local laws or regulations, or interpretation or enforcement thereof;
- Potentially longer ramp-up times for starting up new operations, and for payment and collection cycles;
- Financial, operational and information technology systems integration;
- Failure to comply with U.S. laws, such as the foreign corrupt practices act, or local laws that prohibit us, our partners, or our partners' or our agents or intermediaries from making improper payments to foreign officials or any third party for the purpose of obtaining or retaining business; and
- Data and privacy restrictions.
- Foreign currency fluctuations

Issues relating to the failure to comply with applicable non-U.S. laws, requirements or restrictions may also impact our domestic business and increase scrutiny of our domestic practices.

Additionally, some factors that will be critical to the success of our international business and operations will be different than those affecting our domestic business and operations. For example, conducting international operations requires us to devote significant management resources to implement our controls and systems in new markets, to comply with local laws and regulations, including fulfilling financial reporting and records retention requirements, and overcoming the numerous new challenges inherent in managing international operations, such as challenges based on differing languages and cultures, as well as differing regulatory and compliance environments, and challenges related to the timely hiring, integration and retention of a sufficient number of skilled personnel to carry out operations in an environment with which we are not familiar.

Any additional expansion of our international operations through acquisitions or through organic growth could increase these risks. Additionally, while we may invest material amounts of capital and incur significant costs in connection with the growth and development of our international operations, including the costs of starting up or acquiring new operations, we may not be able to operate them profitably on the anticipated timeline, or at all.

These risks could have a material adverse effect on our business, results of operations, financial condition, and cash flows, and could materially harm our reputation.

Risks Related to our Share Ownership and our Capital Structure

Restrictions in our credit facilities may limit our business and financial activities, including our ability to obtain additional capital in the future.

In December 2021, we entered into a secured $130 million Second Amended and Restated Credit Agreement with Bank of America, N.A., which provided for a $90 million revolving credit facility and a $40 million term loan facility. This Credit Agreement contains covenants imposing various restrictions on our business and financial activities. These restrictions may affect our ability to operate our business and undertake certain financial activities and may limit our ability to take advantage of potential business or financial opportunities as they arise. The restrictions these covenants place on us include limitations on our ability to incur liens, incur indebtedness, make investments, dissolve or merge or consolidate with or into another entity, dispose of certain property, and make restricted payments. The Credit Agreement also requires us to meet certain financial ratios, including a minimum fixed-charge coverage ratio and a maximum total funded debt to EBITDA ratio. The breach of any of these covenants or restrictions could result in a default under the Credit Agreement, which could have a material adverse impact to our business, financial condition, and results of operation.

We are also exposed to the risk of increasing interest rates as our revolving credit and term loan facilities are both at a variable interest rate. Any material changes in interest rates could result in higher interest expense and related payments for us.

Provisions of our corporate charter documents and Delaware law, may dissuade potential acquirers, prevent the replacement or removal of our current management, and may thereby affect the price of our common stock.

The board of directors has the authority to issue up to 1,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges, and restrictions, including voting rights of those shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing flexibility in connection with possible financings, acquisitions, and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. We currently have no plans to issue shares of preferred stock.

Further, certain provisions of our certificate of incorporation, bylaws, and Delaware law could delay or make a merger, tender offer or proxy contest involving us or, for a third party to acquire a majority of our outstanding voting common stock more difficult. These include provisions that limit the ability of stockholders to take action by written consent, call special meetings, remove a director for cause, amend the bylaws, or approve a merger with another company. In addition, our bylaws set forth advance notice procedures for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law which prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stock-holder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a “business combination” includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an “interested stockholder” is a person who, either alone or together with affiliates and associates, owns (or within the past three years did own) 15% or more of the corporation’s voting stock.

Financial Risks

Our operating results may fluctuate, which may make it difficult to forecast our future performance and may result in volatility in our stock price.

Our operating results could fluctuate from quarter to quarter, making forecasting future performance difficult and resulting in volatility in our stock price. These fluctuations are due to a variety of factors, including the following:

- timing of orders placed by our customers;
- our customers’ approach to inventory management;
- changes in the mix of our revenue represented by our various products and customers could result in reductions in our profits if the mix of our revenue represented by lower margin products increases;
- a portion of our costs are fixed in nature, which results in our operations being particularly sensitive to fluctuations in production volumes;
- increased costs and decreased availability of raw materials or supplies; and
- our ability to effectively execute on operational initiatives to drive manufacturing efficiencies.

Our international sales and operations are subject to a variety of market and financial risks and costs that could affect our profitability and operating results.

Our sales outside the U.S., which accounted for approximately 20.8% of sales for 2023, and our operations in Europe, Mexico, South America and the Caribbean are and could be subject to a number of risks and potential costs, including:

- changes in foreign economic conditions or regulatory requirements;
- changes in foreign currency exchange rates;
- local product preferences and product requirements;
- difficulties in enforcing agreements through foreign legal systems;
- less protection of intellectual property in some countries outside of the U.S.;

- trade protection measures and import and export licensing requirements;
- work force instability;
- political and economic instability;
- transportation delays or interruptions; and
- complex tax and cash management issues.

These risks are also present in connection with our entry into new geographic markets.

Additionally, as a result of our international operations, we are subject to exposure from currency exchange rate fluctuations. Historically, foreign currency exchange rate fluctuations have not had a material effect on our net financial results. However, fluctuations in foreign currency exchange rates could have a significant impact on our financial results in the future.

We have a complex tax profile due to the global nature of our operations and may experience increases and variability in our quarterly and annual effective tax rate due to several factors, including changes in the mix of pre-tax income and the jurisdictions to which it relates, business acquisitions, settlements with taxing authorities, and changes in tax rates.

Our global operations encompass multiple taxing jurisdictions. Variability in the mix and profitability of domestic and international activities, identification and resolution of various tax uncertainties, changes in tax laws and rates, and the extent to which we are able to realize deferred tax assets and avoid potential adverse outcomes included in deferred tax liabilities, among other matters, may significantly affect our effective income tax rate in the future.

Our effective income tax rate is the result of the income tax rates in the various countries in which we do business. Our mix of income and losses in these jurisdictions affects our effective tax rate. For example, relatively more income in higher tax rate jurisdictions would increase our effective tax rate and thus lower our net income. Similarly, if we generate losses in tax jurisdictions for which no benefits are available, our effective income tax rate will increase. Our effective income tax rate may also be impacted by the recognition of discrete income tax items, such as required adjustments to our liabilities for uncertain tax positions or our deferred tax asset valuation allowance.

We have recorded deferred tax assets based on our assessment that we will be able to realize the benefits of our net operating losses and other favorable tax attributes. Realization of deferred tax assets involve significant judgments and estimates which are subject to change and ultimately depends on generating sufficient taxable income of the appropriate character during the appropriate periods. Changes in circumstances may affect the likelihood of such realization, which in turn may trigger a write-down of our deferred tax assets, the amount of which would depend on a number of factors. A write-down would reduce our reported net income, which may adversely impact our financial condition or results of operations or cash flows. In addition, we are potentially subject to ongoing and periodic tax examinations and audits in various jurisdictions. An adjustment from a taxing authority, could result in higher tax costs, penalties and interest, thereby adversely impacting our financial condition, results of operations or cash flows.

We may never realize the full value of our intangible assets, which represent a significant portion of our total assets.

At December 31, 2023, we had $177.4 million of goodwill and other intangible assets, representing approximately 44% of our total assets. These intangible assets consist primarily of goodwill, trade names, customer lists and non-compete agreements arising from our acquisitions. Goodwill and other intangible assets with indefinite lives are not amortized but are tested annually or upon the occurrence of certain events that indicate that the assets may be impaired. Definite lived intangible assets are amortized over their estimated useful lives and are tested for impairment upon the occurrence of certain events that indicate that the assets may not be recoverable. We may not receive the recorded value for our intangible assets if we sell or liquidate our business or assets. In addition, our significant amount of intangible assets increases the risk of a large charge to earnings in the event that the recoverability of these intangible assets is impaired. In the event of a significant charge to earnings, the market price of our common stock could be adversely affected. In addition, intangible assets with definite lives, which represent $64.1 million of our net intangible assets at December 31, 2023, will continue to be amortized. These expenses will continue to reduce our future earnings or increase our future losses. The accounting for intangible assets requires reliance on forward-looking estimates of sales and/or earnings. Estimating the future performance of our business is extremely challenging and the range of deviation from internal estimates could be more significant in this environment.

General Risks

We are subject to a variety of federal, state and local laws and regulations, including health and safety laws and regulations, and the cost of complying, or our failure to comply, with such requirements could materially adversely affect our business, financial condition and results of operations.

We are subject to a variety of federal, state and local laws and regulations, including health and safety laws and regulations. The risks of substantial costs and liabilities related to compliance with these laws and regulations are an inherent part of our business. Despite our intention to comply with these laws and regulations, we cannot guarantee that we will at all times comply with all such requirements. Compliance with health and safety legislation and other regulatory requirements may prove to be more limiting and costly than we anticipate and may also increase substantially in future years. If we violate, or fail to comply with these requirements, we could be fined or otherwise sanctioned by regulators. In addition, these requirements are complex, change frequently and may become more stringent over time, which could materially adversely affect our business, financial condition and results of operations.

Our operations could be disrupted by natural or human causes beyond our control.

Our operations are subject to the risk of disruption by hurricanes, severe storms, floods and other forms of severe weather, earthquakes and other natural disasters, accidents, fire, power shortages, geopolitical unrest, war and other military action, terrorist attacks and other hostile acts, public health issues, epidemics or pandemics, and other events, such as raw material or supply scarcity, that are beyond our control and the control of the third parties on which we depend. Any of these catastrophic events, whether in the United States or abroad, may have a strong negative impact on the global economy, our employees, facilities, suppliers, or customers, and could decrease demand for our products or our customers' products, create delays and inefficiencies in our supply chain and make it difficult or impossible for us to deliver products to our customers in a timely manner. If there is a natural disaster or other serious disruption at any of our facilities, we may experience plant shutdowns or periods of reduced production as a result of equipment failures, loss of power, delays in delivery of raw materials or supplies, personnel absences, or extensive damage to any of our facilities, any of which could materially adversely affect our business, financial condition, or results of operations. In addition, our insurance coverage may not adequately compensate us for losses incurred as a direct or indirect result of natural or other disasters.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk management and strategy

The Company employs a multi-faceted approach to assess, identify, and manage material risks from cybersecurity threats. Components of our approach include the following:

- The use of a cyber risk matrix that assesses the likelihood and impact of threats and risks identified in the Company's hardware, software, and data systems.
  - Threats are ranked by potential severity and mitigation / remediation efforts are tracked.
  - Matrix is updated on a semi-annual basis and as new risks are identified.
- System penetration testing is performed by rotating third-party service providers at least every 18 months.
- System vulnerability testing is performed by the Company monthly.
- Network assessments are performed at least annually by qualified third-party service providers.
- Monitoring of Federal government alerts (CISA, FBI) and industry threat information is performed to stay current on the newest cybersecurity threats bad actor tactics.
- Multifactor authentication is required for all authorized users to access network resources which adds a second layer of protection from unauthorized entry to our systems.
- The cybersecurity practices and controls are derived from multiple recognized cybersecurity frameworks to meet the evolving needs of our organizations.

The cybersecurity risk assessment process is part of the Company's overall risk management process. As noted above, the Company utilizes third-party consultants and services in our process of assessing and managing cybersecurity risk. To mitigate the risk of cybersecurity threats related to the use of third-party service providers, the Company obtains and reviews System of Organization Controls (SOC) reports from third parties when available, to provide assurance that the third-party has appropriate controls in place and has not identified any significant cyber issues. The Company does not believe that any risks from cybersecurity threats have materially affected or are reasonably likely to affect our business strategy, results of operations, or financial condition. See Item 1A "Risk Factors" for a summary of certain cybersecurity risks.

Governance

While general risk assessment and management oversight resides with the Company's Audit Committee, oversight of risks from cybersecurity threats resides with our Board of Directors. The Company's Audit Committee is in charge of reviewing the Company's information security disclosures and incident reporting related to cybersecurity. The Company's Board of Directors is in charge of reviewing the Company's information security procedures and evaluating management's assessment of materiality for cyber incidents. The Board of Directors is formally updated on cybersecurity risks by the VP of Information Technology no less than annually. Management is responsible for assessing and managing material risks from cybersecurity threats. This responsibility primarily resides with the VP of Information Technology and his qualified team, including dedicated cyber security personnel. The qualifications of the Information Technology team include a combination of formal education (e.g. degrees in Information Assurance, Computer Information Systems, Computer Networking, and current enrollment in a Cyber Security degree program); current trainings and certifications in systems, network and cybersecurity; and, over 100 years of combined Information Technology experience. Management's process for monitoring prevention, detection, mitigation, and remediation of cybersecurity incidents is summarized above in the *Risk management and strategy* section.

ITEM 2. PROPERTIES

The following table presents certain information relating to each of the Company's design and manufacturing properties:

Location	Square Feet	Lease Expiration Date	Principal Use
Newburyport, Massachusetts	183,000	Company Owned	Headquarters, fabrication, molding, tooling, test lab, clean room, warehousing, and engineering
Huntsville, Alabama	9,000	6/30/2031	Engineering, design, and fabrication
Grand Rapids, Michigan	255,260	Company Owned	Fabrication, molding, warehousing, and engineering
Rancho Dominguez, California	56,000	10/31/2027	Fabrication, molding and engineering
Denver, Colorado	18,270	Company Owned	Fabrication and molding
Denver, Colorado	28,383	Company Owned	Fabrication, molding and engineering
Kissimmee, Florida	49,400	Company Owned	Fabrication, molding, test lab and engineering
El Paso, Texas	127,730	Company Owned	Warehousing, fabrication
Chicopee, Massachusetts	103,792	Company Owned	Fabrication, molding, clean room, warehousing, and engineering
Providence, Rhode Island	79,535	9/30/2026	Fabrication, molding, clean room, and warehousing
Dominican Republic	16,557	12/31/2024	Fabrication, molding, clean room, and warehousing
Dominican Republic	12,630	12/31/2026	Fabrication, molding, clean room, and warehousing
Dominican Republic	51,970	8/31/2025	Fabrication, molding, clean room, and warehousing

Location	Square Feet	Lease Expiration Date	Principal Use
Tijuana, Mexico	83,256	2/28/2032	Fabrication, molding, and warehousing
Kennesaw, Georgia	11,017	12/31/2027	Warehousing
Galway, Ireland	35,069	Company Owned	Fabrication, molding, clean room, and warehousing
Galway, Ireland	11,500	12/31/2025	Fabrication, molding, clean room, and warehousing
La Aurora, Heredia, Costa Rica	13,000	4/30/2028	Fabrication, molding, clean room, and warehousing
Chicopee, Massachusetts	3,500	11/30/2024	Warehousing
Dominican Republic	26,468	12/31/2025	Fabrication, molding, clean room, and warehousing
La Aurora, Heredia, Costa Rica	14,200	4/30/2028	Fabrication, molding, clean room, and warehousing
Dominican Republic	40,921	12/31/2028	Fabrication, molding, clean room, and warehousing

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company may be a party to various suits, claims and complaints arising in the ordinary course of business and is currently a party to a single employee claim. In the opinion of management of the Company, this active claim should not result in final judgments or settlements that, in the aggregate, would have a material adverse effect on the Company's financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price

The Company's common stock is listed on the NASDAQ Capital Market under the symbol "UFPT". The following table sets forth the range of high and low quotations for the common stock as reported by NASDAQ for the quarterly periods from January 1, 2022 to December 31, 2023:

Year Ended December 31, 2022	**High**	**Low**
First Quarter	$ 76.01	$ 56.10
Second Quarter	$ 87.83	$ 65.00
Third Quarter	$ 100.64	$ 74.00
Fourth Quarter	$ 126.78	$ 85.04
Year Ended December 31, 2023	**High**	**Low**
First Quarter	$ 131.80	$ 103.64
Second Quarter	$ 197.23	$ 123.68
Third Quarter	$ 205.08	$ 151.09
Fourth Quarter	$ 185.40	$ 127.29

Number of Stockholders

As of February 23, 2024, there were 63 holders of record of the Company’s common stock.

Since many of the shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of beneficial stockholders represented by these holders of record.

Dividends

The Company did not pay any dividends in 2023 or 2022. The Company presently intends to retain all its earnings to provide funds for the operation of its business and strategic acquisitions, although it would consider paying cash dividends in the future. Any decision to pay dividends will be at the discretion of the Company’s board of directors and will depend upon the Company’s operating results, strategic plans, capital requirements, financial condition, provisions of the Company’s borrowing arrangements, applicable law and other factors the Company’s board of directors considers relevant.

Issuer Purchases of Equity Securities

On June 16, 2015, the Company issued a press release announcing that its Board of Directors authorized the repurchase of up to $10.0 million of the Company’s outstanding common stock. There was no share repur-chase activity for the years ended December 31, 2023, 2022, and 2021. During the year ended December 31, 2015, the Company repurchased 29,559 shares of common stock at a cost of approximately $587 thousand. At December 31, 2023, approximately $9.4 million was available for future repurchases of the Company's common stock under this authorization.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company is a designer and custom manufacturer of comprehensive solutions for medical devices, sterile packaging, and other highly engineered custom products. The Company is an important link in the medical device supply chain and a valued outsource partner to many of the top medical device manufacturers in the world. The Company’s single-use and single-patient devices and components are used in a wide range of medical devices and packaging for minimally invasive surgery, infection prevention, surfaces and support, wound care, wearables, orthopedic soft goods, and orthopedic implants.

The Company is diversified by also providing highly engineered products and components to customers in the automotive, aerospace and defense, and industrial/other markets. Typical applications of its products include military uniform and gear components, automotive interior trim, air filtration, and protective cases and inserts.

The Company’s current strategy includes further organic growth and growth through strategic acquisitions.

Net sales for the Company for the year ended December 31, 2023 increased 13.1% to $400.1 million from $353.8 million for the year ended December 31, 2022, primarily due to an increase in organic sales of approximately 15.7%. The organic growth was driven by strong MedTech sales led by the Company’s robotic surgery products in response to increased surgical procedures. Gross profit as a percentage of sales (“gross margin”) for the year ended December 31, 2023 increased to 28.1% from 25.5% in the same period last year, largely due to improved operating efficiencies and strong organic sales growth primarily attributable to the Company’s great progress strengthening its platform and further integrating its three most recent acquisitions. The Company captured synergies by sharing best practices, moving business to best-fit manufacturing locations, and standardizing systems for information technology, quality, and safety.

The Company experienced some softening in demand in the latter part of the year due to excess inventory held by some of our customers. The Company believes this is short-term in nature and will soon return to normal levels.

Results of Operations

The following table sets forth, for the years indicated, the percentage of revenues represented by the items as shown in the Company's Consolidated Statements of Income:

	2023	2022	2021
Net sales	100.0%	100.0%	100.0%
Cost of sales	71.9%	74.5%	75.2%
Gross profit	28.1%	25.5%	24.8%
Selling, general, and administrative expenses	12.7%	12.9%	14.3%
Acquisition costs	0.0%	0.3%	0.2%
Change in fair value of contingent consideration	0.9%	2.8%	0.0%
Gain on sale of Molded Fiber business	0.0%	-4.4%	0.0%
Loss (gain) on sale of fixed assets	0.1%	-1.8%	0.0%
Operating income	14.4%	15.7%	10.3%
Interest expense, net	0.9%	0.8%	0.0%
Income before taxes	13.5%	14.9%	10.3%
Income tax expense	2.3%	3.1%	2.6%
Net income from consolidated operations	11.2%	11.8%	7.7%

2023 Compared to 2022

Sales

Net sales increased 13.1% to $400.1 million for the year ended December 31, 2023, from net sales of $353.8 million in 2022. The increase in sales was primarily due to increased sales to customers in the Medical market of 21.0%, primarily as a result of strong organic sales led by the Company's robotic surgery products in response to increased surgical procedures . Sales to customers in all other markets decreased 20.6%, largely due to the Company's disposition of its Molded Fiber business in July 2022.

Gross Profit

Gross profit as a percentage of sales ("Gross Margin") increased to 28.1% for the year ended December 31, 2023, from 25.5% in 2022. As a percentage of sales, material and labor costs collectively decreased 0.7%, while overhead decreased 1.9%. The increase in Gross Margin is primarily due to the leverage of organic sales growth over the fixed portion of overhead, as well as improved operating efficiencies, as described above under "Overview."

Selling, General and Administrative Expenses

Selling, General, and Administrative Expenses ("SG&A") increased approximately 11.1% to $50.9 million for the year ended December 31, 2023, from $45.8 million in 2022, largely due to increased performance based compensation, benefits and payroll tax expenses and the additional SG&A expenses from the Advant acquisition (Refer to Note 2, "Acquisitions and Divestiture – Advant Medical," in the accompanying notes to the consolidated financial statements for a discussion of the acquisition of Advant Medical). As a percentage of sales, SG&A decreased to 12.7% in 2023 from 12.9% in 2022.

Change in fair value of contingent consideration

In connection with the acquisition of DAS Medical in 2021, the Company is required to make contingent payments, subject to the acquired entities achieving certain financial performance thresholds. The contingent consideration payments for the DAS Medical acquisition are four, $5 million payments for a total of up to $20 million. The Company paid $5 million during the second quarter of 2023. The fair value of the liability for the contingent consideration payments recognized upon the acquisition as part of the purchase accounting opening balance sheets totaled approximately $9.7 million and was estimated by discounting to present value the probability-weighted contingent payments expected to be made. Assumptions used in the initial calculation were management's financial forecasts, discount rate and various volatility factors. The ultimate settlement of contingent consideration could deviate from current estimates based on the actual results of these financial measures. This liability is considered to be a Level 3 financial liability that is re-measured each reporting period. The fair value of the liabilities for the contingent consideration payments recognized at December 31, 2023 totaled approximately $13.1 million for the remaining $15 million of potential earnout. The change in fair value of contingent consideration for the DAS Medical acquisition for the year ended December 31, 2023, resulted in an expense of approximately $3.5 million, and was included in change in fair value of contingent consideration in the consolidated statements of comprehensive income.

Interest expense, net

The Company had net interest expense of approximately $3.6 million and $2.8 million for the years ended December 31, 2023 and 2022, respectively. The increase in net interest expense for the year ended December 31, 2023 was primarily due to higher average interest rates in 2023. Interest income was immaterial.

Other Expense (Income)

Other expense was approximately $117 thousand and other income was approximately $81 thousand for years ended December 31, 2023 and 2022, respectively. The changes in other income/expense in both periods are primarily generated by foreign currency transaction gains/losses and, in 2022, changes in the fair value of the swap liability.

Income Taxes

The Company recorded income tax expense, as a percentage of income before income tax expense, of 16.7% for the year ended December 31, 2023 compared to 20.7% for the same period in 2022. The decrease in the effective tax rate for the current period as compared to the prior period is largely due to higher earnings in low-tax jurisdictions in 2023.

The effective tax rate for the year differs from the federal statutory rate of 21% due to favorable rates in foreign countries, federal deductions available for certain exported goods and federal credits, offset by state income taxes and disallowed compensation under section 162M of the Internal Revenue Code.

The Company notes the potential for volatility in its effective tax rate, as any windfall or shortfall tax benefits related to its share-based compensation plans will be recorded directly into income tax expense.

For more information about the Company's results of operations of 2022 compared to 2021, see the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — 2022 Compared to 2021*" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 16, 2023.

Liquidity and Capital Resources

The Company generally funds its operating expenses, capital requirements, and growth plan through internally generated cash and bank credit facilities.

Cash Flows

Net cash provided by operations for the year ended December 31, 2023 was approximately $41.3 million and was primarily a result of net income generated of approximately $44.9 million, depreciation and amortization of approximately $11.4 million, a loss on disposal of fixed assets of approximately $0.2 million, share-based compensation of approximately $4.6 million, a change in the fair value of contingent consideration of approximately $3.5 million, a decrease in deferred taxes of approximately $0.8 million, an increase in deferred revenue of approximately $ 1.9 million primarily due to increased customer deposits on tooling and machinery, an increase in accounts payable of approximately $1.6 million due to the building of inventory to meet demand and the timing of vendor payments in the ordinary course of business, a decrease in other assets of approximately $1.6 million due primarily to the current reclassification of a deposit receivable, and an increase in other long-term liabilities of approximately $0.4 million.

These cash inflows and adjustments to income were partially offset by an increase in inventory of approximately $16.6 million due to inventory build for upcoming demand, an increase in accounts receivable of approximately $9.1 million due to higher sales in the last two months of the fourth quarter of 2023 as compared to the same period in the fourth quarter of 2022, an increase in refundable income taxes of approximately $3.0 million due to higher anticipated tax credits in 2023 compared to 2022, and a decrease in accrued expenses of approximately $0.9 million.

Net cash used in investing activities during the year ended December 31, 2023 was approximately $10.5 million and was primarily the result of additions of manufacturing machinery and equipment and various building improvements across the Company.

Net cash used for financing activities was approximately $30.0 million during the year ended December 31, 2023 and was primarily the result of payments on the revolving line of credit of approximately $28.0 million, payment of contingent consideration of approximately $5.0 million, principal payments of long-term debt of approximately $4.0 million, and payments of statutory withholding for stock options exercised and restricted stock units vested of approximately $2.7 million. These payments were partially offset by borrowings under our credit facility to fund acquisitions of approximately $9.0 million and proceeds from the exercise of stock options of approximately $0.7 million.

Outstanding and Available Debt

On December 22, 2021, the Company, as the borrower, entered into a secured $130 million Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") with certain of the Company's subsidiaries (the "Subsidiary Guarantors") and Bank of America, N.A., in its capacity as the initial lender, Administrative Agent, Swingline Lender and L/C Issuer, and certain other lenders from time-to-time party thereto. The Second Amended and Restated Credit Agreement amends and restates the Company's prior credit agreement, originally dated as of February 1, 2018.

The credit facilities under the Second Amended and Restated Credit Agreement consist of a $40 million secured term loan to the Company and a secured revolving credit facility, under which the Company may borrow up to $90 million. The Second Amended and Restated Credit Agreement matures on December 21, 2026. The secured term loan requires quarterly principal payments of $1 million that commenced on March 31, 2022. The proceeds of the Second Amended and Restated Credit Agreement may be used for general corporate purposes, including funding the acquisition of DAS Medical, as well as certain other permitted acquisitions. The Company's obligations under the Second Amended and Restated Credit Agreement are guaranteed by the Subsidiary Guarantors and secured by substantially all assets of the Company.

The Second Amended and Restated Credit Agreement calls for interest determined by the Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus a margin that ranges from 1.25% to 2.0% or, at the discretion of the Company, the bank's prime rate less a margin that ranges from 0.25% to zero. In both cases the applicable margin is dependent upon Company performance. Under the Second Amended and Restated Credit Agreement, the Company is subject to a minimum fixed-charge coverage financial covenant as well as a maximum total funded debt to EBITDA financial covenant. The Second Amended and Restated Credit Agreement contains other covenants customary for transactions of this type, including restrictions on certain payments, permitted indebtedness, and permitted investments.

At December 31, 2023, the Company had approximately $32 million in borrowings outstanding under the Second Amended and Restated Credit Agreement, which were used as partial consideration for the DAS Medical and Advant Medical acquisitions, and also had approximately $0.7 million in standby letters of credit outstanding, drawable as a financial guarantee on worker's compensation insurance policies. At December 31, 2023, the applicable interest rate was approximately 6.7% and the Company was in compliance with all covenants under the Second Amended and Restated Credit Agreement.

Long-term debt consists of the following (in thousands):

	December 31, 2023
Term loan	$ 32,000
Total long-term debt	32,000
Current portion	(4,000)
Long-term debt, excluding current portion	$ 28,000

Future maturities of long-term debt at December 31, 2023 are as follows (in thousands):

Year ended December 31,	Term Loan
2024	$ 4,000
2025	4,000
2026	24,000
	$ 32,000

Future Liquidity

The Company requires cash to pay its operating expenses, purchase capital equipment, and to service its contractual obligations. The Company's principal sources of funds are its operations and its Second Amended and Restated Credit Agreement. The Company generated cash of approximately $41.3 million from operations during the year ended December 31, 2023. The Company cannot guarantee that its operations will generate cash in future periods. The Company's longer-term liquidity is contingent upon future operating performance and availability of draws on its revolving credit facility. Further, the economic uncertainty resulting from events including inflation, bank failures, and other factors beyond the control of the Company could affect the Company's long-term ability to access the public markets and obtain necessary capital in order to properly capitalize and continue operations.

The Company plans to continue to add capacity to enhance operating efficiencies in its manufacturing plants and accommodate anticipated growth in demand. The Company may consider additional acquisitions of companies, technologies, or products that are complementary to its business. The Company believes that its existing resources, including its revolving credit facility, together with cash expected to be generated from operations, will be sufficient to fund its cash flow requirements, including capital asset acquisitions, through the next twelve months.

The Company may also require additional capital in the future to fund capital expenditures, acquisitions, or other investments. These capital requirements could be substantial. The Company anticipates that any future expansion of its business will be financed through existing resources, cash flow from operations, the Company's revolving credit facility, or other new financing. The Company cannot guarantee that it will be able to meet existing financial covenants or obtain other new financing on favorable terms, if at all.

Stock Repurchase Program

The Company accounts for treasury stock under the cost method, using the first-in, first-out cost flow assumption, and includes treasury stock as a component of stockholders' equity. On June 16, 2015, the Company announced that its Board of Directors authorized the repurchase of up to $10.0 million of the Company's outstanding common stock. Under the program, the Company is authorized to repurchase shares through Rule 10b5-1 plans, open market purchases, privately negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934. The stock repurchase program will end upon the earlier of the date on which the plan is terminated by the Board or when all authorized repurchases are completed. The timing and amount of stock repurchases, if any, will be determined based upon our evaluation of market conditions and other factors. The stock repurchase program may be suspended, modified or discontinued at any time, and the Company has no obligation to repurchase any amount of its common stock under the program. There were no share repurchases during the years ended December 31, 2023, 2022, and 2021. At December 31, 2023, approximately $9.4 million was available for future repurchases of the Company's common stock under this authorization.

Critical Accounting Estimates

The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. The Company evaluates its estimates, including those listed below, on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances, including current and anticipated worldwide economic conditions, both in general and specifically in relation to the packaging and component product industries, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements included in Item 8 of this Report. The Company does not believe that any of the significant accounting policies required significant judgement and estimates in the preparation of its consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion of the Company's market risk includes "forward-looking statements" that involve risk and uncertainties. Actual results could differ materially from those projected in the forward-looking statements.

Market risk represents the risk of changes in value of a financial instrument caused by fluctuations in interest rates, foreign exchange rates, and equity prices. At December 31, 2023, the Company's cash and cash equivalents consisted primarily of bank accounts in U.S. dollars, and their valuation would not be affected by market risk. Interest under the Company's credit facility with Bank of America, N.A. calls for interest of BSBY plus a margin that ranges from 1.25% to 2.00% or, at the discretion of the Company, the bank's prime rate less a margin that ranges from 0.25% to zero. Therefore, future operations could be affected by interest rate changes. As of December 31, 2023, the applicable interest rate was approximately 6.7%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data of the company are listed under Part IV, Item 15, in this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Report (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance, as opposed to absolute assurance, of achieving their internal control objectives.

Management conducted an assessment of the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management concluded that, as of December 31, 2023, the Company’s internal control over financial reporting is effective.

There was no change in the Company’s internal control over financial reporting that occurred during the Company’s most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its report which is included under Part IV, Item 15, in this Report.

ITEM 9B. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the fourth quarter of 2023, none of our directors or executive officers adopted Rule 10b5-1 trading plans and none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item 10 is hereby incorporated by reference to the Company’s definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is hereby incorporated by reference to the Company’s definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is hereby incorporated by reference to the Company’s definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

(a) (3) Exhibits

Exhibit Index

Number	Description of Exhibit
2.01	Securities Purchase Agreement, dated as of December 22, 2021, by and among Parallax Investments, LLC, a Georgia limited liability company and its purchase price beneficiaries, DAS Medical Holdings, LLC, a Georgia corporation and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 23, 2021 (SEC File No. 001-12648)).
2.02	Agreement for the Purchase and Sale of Personal Goodwill, dated December 22, 2021, between and among the Company and Danny R. Lee, Daniel Lee, Houston Lee, Armond Groves, Thomas Bonner and Bruce Grady (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on December 23, 2021 (SEC File No. 001-12648)).

Number	Description of Exhibit
2.03	Stock Purchase Agreement, dated as of October 21, 2021 by and among the Company, Contech Medical, Inc., Contech Medical, Inc.'s shareholders, and Christopher M. Byrnes (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 5, 2021 (SEC File No. 001-12648)).
3.01	Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed with the SEC on May 14, 2004 (SEC File No. 001-12648)).
3.02	Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 3.02 to the Company's Current Report on Form 8-K, filed with the SEC on March 24, 2009 (SEC File No. 001-12648)).
3.03	Certificate of Amendment to Certificate of Incorporation of UFP Technologies, Inc., dated June 10, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 15, 2020 (SEC File No. 001-12648)).
3.04	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 14, 2022 (SEC File No. 001-12648)).
3.05	Amended and Restated Certificate of Incorporation of UFP Technologies, Inc., dated June 7, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 13, 2023 (SEC File No. 001-12648)).
3.06	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 15, 2020 (SEC File No. 001-12648)).
3.07	Second Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 24, 2023 (SEC File No. 001-12648)).
4.01	Specimen Certificate for shares of the Company's Common Stock (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-1, filed with the SEC on December 15, 1993) (filed in paper format).
4.02	Description of Company Securities *
10.01	Form of Indemnification Agreement for directors and officers of the Company (incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1, filed with the SEC on December 15, 1993) (filed in paper format). #
10.02	Executive Non-qualified Excess Plan (incorporated by reference to Exhibit 10.41 to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2006, filed with the SEC on November 13, 2006 (SEC File No. 001-12648)). #
10.03	Employment Agreement with R. Jeffrey Bailly dated October 8, 2007 (incorporated by reference to Exhibit 10.28 to the Company's Current Report on Form 8-K, filed with the SEC on October 12, 2007 (SEC File No. 001-12648)). #
10.04	2009 Non-Employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.66 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the SEC on May 10, 2013 (SEC File No. 001-12648)). #
10.05	Amendment No. 1 to Employment Agreement with R. Jeffrey Bailly (incorporated by reference to Exhibit 10.56 to the Company's Current Report on Form 8-K, filed with the SEC on March 8, 2011 (SEC File No. 001-12648)). #
10.06	Facility Lease between the Company and Susana Property Co. (incorporated by reference to Exhibit 10.61 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2012, filed with the SEC on November 9, 2012 (SEC File No. 001-12648)).

Number	Description of Exhibit
10.07	Amendment No. 2 to Employment Agreement with R. Jeffrey Bailly (incorporated by reference to Exhibit 10.62 to the Company’s Current Report on Form 8-K, filed with SEC on February 22, 2013 (SEC File No. 001-12648)). #
10.08	Form of 2019 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the SEC on February 25, 2019 (SEC File No. 001-12648)). #
10.09	Form of 2019 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed with the SEC on February 25, 2019 (SEC File No. 001-12648)). #
10.10	Form of 2019 Non-Qualified Stock Option Agreement under the 2009 Non-Employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2019, filed with the SEC on August 9, 2019 (SEC File No. 001-12648)). #
10.11	Form of 2019 Stock Unit Award Agreement under the 2009 Non-Employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2019, filed with the SEC on August 9, 2019 (SEC File No. 001-12648)). #
10.12	Form of 2020 Non-Qualified Stock Option Agreement under the 2009 Non-Employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2020, filed with the SEC on August 7, 2020 (SEC File No. 001-12648)). #
10.13	Form of 2020 Stock Unit Award Agreement under the 2009 Non-Employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2020, filed with the SEC on August 7, 2020 (SEC File No. 001-12648)). #
10.14	First Amendment to Facility Lease between the Company and Susana Property Co. dated July 6, 2012 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2017, filed with the SEC on August 9, 2017 (SEC File No. 001-12648)).
10.15	Stock Purchase Agreement, dated as of January 30, 2018, by and among the Company, the Sellers defined therein, Dielectrics and the Sellers’ Representative (incorporated by reference to Exhibit 10.20 to the Company’s Annual Report on Form 10-K for the period ended December 31, 2017, filed with the SEC on March 16, 2018 (SEC File No. 001-12648)).
10.16	Agreement for the Purchase and Sale of Personal Goodwill, dated as of January 30, 2018, by and among the Company and Eric C. Stahl (incorporated by reference to Exhibit 10.21 to the Company’s Annual Report on Form 10-K for the period ended December 31, 2017, filed with the SEC on March 16, 2018 (SEC File No. 001-12648)).
10.17	Lease dated as of February 1, 2018, by and between Eric C. Stahl and the Company (incorporated by reference to Exhibit 10.22 to the Company’s Annual Report on Form 10-K for the period ended December 31, 2017, filed with the SEC on March 16, 2018 (SEC File No. 001-12648)).
10.18	Amended and Restated 2003 Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2018, filed with the SEC on May 10, 2018 (SEC File No. 001-12648))#
10.19	Form of 2020 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the SEC on February 28, 2020 (SEC File No. 001-12648)). #

Number	Description of Exhibit
10.20	Form of 2020 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 28, 2020 (SEC File No. 001-12648)). #
10.21	Form of 2021 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 26, 2021 (SEC File No. 001-12648)). #
10.22	Form of 2021 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 26, 2021 (SEC File No. 001-12648)). #
10.23	Lease, dated August 9, 2021, between and among Logistica Industrial De Tijuana Este, S.A. DE C.V., Co Production De Tijuana, S.A. DE C.V., and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 13, 2021 (SEC File No. 001-126458)).
10.24	Second Amended and Restated Credit Agreement, dated December 22, 2021, between and among the Company, certain of its subsidiaries as guarantors and Bank of America, N.A., in its capacity as the initial lender, Administrative Agent, Swingline Lender and L/C Issuer (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on December 23, 2021 (SEC File No. 001-12648)).
10.25	Form of 2022 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 22, 2022 (SEC File No. 001-12648)). #
10.26	Form of 2022 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 22, 2022 (SEC File No. 001-12648)). #
10.27	Form of 2023 CEO Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 21, 2023 (SEC File No. 001-12648)). #
10.28	Form of 2023 CEO Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 21, 2023 (SEC File No. 001-12648)). #
10.29	Form of 2023 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on February 21, 2023 (SEC File No. 001-12648)). #
10.30	Form of 2023 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on February 21, 2023 (SEC File No. 001-12648)). #
10.31	Form of 2023 Stock Unit Award Agreement (Ireland) (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the period ended December 31, 2022, filed with the SEC on March 16, 2023 (SEC File No. 001-12648)). #
10.32	Form of 2023 Stock Unit Award Agreement (Dominican Republic) #*
10.33	Form of 2024 CEO Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2024 (SEC File No. 001-12648)). #
10.34	Form of 2024 Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2024 (SEC File No. 001-12648)). #

Number	Description of Exhibit
10.35	Amended and Restated 2003 Incentive Plan (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the period ended December 31, 2022, filed with the SEC on March 16, 2023 (SEC File No. 001-12648)). #
21.01	Subsidiaries of the Company. *
23.01	Consent of Grant Thornton LLP. *
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.01	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
97.1	Policy for the Recovery of Erroneously Awarded Compensation. *
101.INS	Inline XBRL Instance Document. *
101.SCH	Inline XBRL Taxonomy Extension Schema Document. *
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document. *
101.LAB	Inline XBRL Taxonomy Label Linkbase Document. *
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document. *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. *
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)).*

*	Filed herewith.
**	Furnished herewith.
#	Indicates management contract or compensatory plan or arrangement.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UFP TECHNOLOGIES, INC.

Date:	February 29, 2024	By:	/s/ R. Jeffrey Bailly R. Jeffrey Bailly, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
/s/ R. Jeffrey Bailly R. Jeffrey Bailly	Chairman, Chief Executive Officer, and Director	February 29, 2024
/s/ Ronald J. Lataille Ronald J. Lataille	Chief Financial Officer, Senior Vice President, Principal Financial and Accounting Officer	February 29, 2024
/s/ Daniel C. Croteau Daniel C. Croteau	Director	February 29, 2024
/s/ Cynthia Feldmann Cynthia Feldmann	Director	February 29, 2024
/s/ Marc Kozin Marc Kozin	Director	February 29, 2024
/s/ Thomas Oberdorf Thomas Oberdorf	Director	February 29, 2024
/s/ Joseph John Hassett Joseph John Hassett	Director	February 29, 2024
/s/ Symeria Hudson Symeria Hudson	Director	February 29, 2024

UFP TECHNOLOGIES, INC.

Consolidated Financial Statements
and Financial Statement Schedule

As of December 31, 2023 and 2022
And for the Years Ended December 31, 2023, 2022 and 2021

With Reports of Independent Registered Public Accounting Firm

UFP TECHNOLOGIES, INC.

Index to Consolidated Financial Statements and Financial Statement Schedule

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
UFP Technologies, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of UFP Technologies, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 29, 2024 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2005.

Boston, Massachusetts
February 29, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
UFP Technologies, Inc.

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of UFP Technologies, Inc. Company (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated February 29, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Boston, Massachusetts
February 29, 2024

UFP TECHNOLOGIES, INC.
Consolidated Balance Sheets
(In thousands, except share data)

	December 31,	
Assets	**2023**	**2022**
Current assets:		
Cash and cash equivalents	$ 5,263	$ 4,451
Receivables, net	64,449	55,117
Inventories	70,191	53,536
Prepaid expenses	3,433	3,242
Refundable income taxes	1,297	-
Total current assets	144,633	116,346
Property, plant and equipment, net	62,137	58,072
Goodwill	113,263	113,028
Intangible assets, net	64,116	68,361
Non-qualified deferred compensation plan	5,323	4,148
Right of use assets	13,588	13,153
Deferred income taxes	607	1,448
Other assets	469	3,636
Total assets	$ 404,136	$ 378,192
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 22,286	$ 19,961
Accrued expenses	22,085	23,122
Deferred revenue	6,616	4,679
Lease liabilities	3,222	2,517
Income taxes payable	-	1,682
Current portion of long-term debt	4,000	4,000
Total current liabilities	58,209	55,961
Long-term debt, less current portion	28,000	51,000
Deferred income taxes	428	448
Non-qualified deferred compensation plan	5,412	4,167
Lease liabilities	10,815	10,851
Other liabilities	15,181	18,220
Total liabilities	118,045	140,647
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized; no shares issued	-	-
Common stock, $.01 par value, 20,000,000 shares authorized; 7,669,339 and 7,639,780 shares issued and outstanding, respectively at December 31, 2023; and 7,611,244 and 7,581,685 shares issued and outstanding, respectively, at December 31, 2022	76	76
Additional paid-in capital	38,814	36,070
Retained earnings	247,520	202,596
Accumulated other comprehensive income (loss)	268	(610)
Treasury stock at cost, 29,559 shares at December 31, 2023 and 2022	(587)	(587)
Total stockholders' equity	286,091	237,545
Total liabilities and stockholders' equity	$ 404,136	$ 378,192

The accompanying notes are an integral part of these consolidated financial statements.

UFP TECHNOLOGIES, INC.
Consolidated Statements of Comprehensive Income
(In thousands, except per share data)

	Years Ended December 31, 2023	2022	2021
Net sales	$ 400,072	$ 353,792	$ 206,320
Cost of sales	287,847	263,532	155,206
Gross profit	112,225	90,260	51,114
Selling, general, and administrative expenses	50,889	45,796	29,480
Acquisition costs	-	1,027	430
Change in fair value of contingent consideration	3,527	9,837	-
Gain on sale of Molded Fiber business	-	(15,651)	-
Loss (gain) on disposal of property, plant and equipment	145	(6,149)	(14)
Operating income	57,664	55,400	21,218
Interest expense, net	3,645	2,763	39
Other expense (income)	117	(81)	(26)
Income before income tax provision	53,902	52,718	21,205
Income tax expense	8,978	10,929	5,319
Net income	$ 44,924	$ 41,789	$ 15,886
Net income per common share outstanding:			
Basic	$ 5.89	$ 5.52	$ 2.11
Diluted	$ 5.83	$ 5.45	$ 2.09
Weighted average common shares outstanding:			
Basic	7,624	7,564	7,524
Diluted	7,701	7,663	7,615
Comprehensive Income			
Net Income	$ 44,924	$ 41,789	$ 15,886
Other comprehensive income (loss):			
Foreign currency translation adjustment	878	(610)	-
Other comprehensive income (loss)	878	(610)	-
Comprehensive income	$ 45,802	$ 41,179	$ 15,886

The accompanying notes are an integral part of these consolidated financial statements.

UFP TECHNOLOGIES, INC.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023, 2022 and 2021
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2020	7,500	$ 75	$ 32,484	$ 144,921	$ -	30	$ (587)	$ 176,893
Share-based compensation	45	-	2,428	-	-	-	-	2,428
Exercise of stock options	7	-	162	-	-	-	-	162
Net share settlement of RSU's	(17)	-	(923)	-	-	-	-	(923)
Net income	-	-	-	15,886	-	-	-	15,886
Balance at December 31, 2021	7,535	$ 75	$ 34,151	$ 160,807	$ -	30	$ (587)	$ 194,446
Share-based compensation	53	1	3,207	-	-	-	-	3,208
Exercise of stock options	17	-	390	-	-	-	-	390
Net share settlement of RSU's	(23)	-	(1,678)	-	-	-	-	(1,678)
Other comprehensive loss	-	-	-	-	(610)	-	-	(610)
Net income	-	-	-	41,789	-	-	-	41,789
Balance at December 31, 2022	7,582	$ 76	$ 36,070	$ 202,596	$ (610)	30	$ (587)	$ 237,545
Share-based compensation	55	-	4,641	-	-	-	-	4,641
Exercise of stock options	25	-	680	-	-	-	-	680
Net share settlement of RSU's	(22)	-	(2,641)	-	-	-	-	(2,641)
Issuance of Common Stock	-	-	64	-	-	-	-	64
Other comprehensive income	-	-	-	-	878	-	-	878
Net income	-	-	-	44,924	-	-	-	44,924
Balance at December 31, 2023	7,640	$ 76	$ 38,814	$ 247,520	$ 268	30	$ (587)	$ 286,091

The accompanying notes are an integral part of these consolidated financial statements.

UFP TECHNOLOGIES, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income from consolidated operations	$ 44,924	$ 41,789	$ 15,886
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,407	11,886	8,410
Loss (gain) on sales of property, plant and equipment	145	(6,149)	(14)
Gain on sale of Molded Fiber business	-	(15,651)	-
Share-based compensation	4,641	3,208	2,428
Change in fair value of contingent consideration	3,527	9,837	-
Deferred income taxes	816	(4,710)	(1,794)
Changes in operating assets and liabilities:			
Receivables, net	(9,124)	(16,864)	(7,754)
Inventories	(16,565)	(19,605)	(4,496)
Prepaid expenses	(21)	(692)	(557)
Income taxes	(2,982)	953	893
Other assets	1,557	(3,545)	(681)
Accounts payable	1,553	9,131	102
Accrued expenses	(888)	10,446	1,009
Deferred revenue	1,936	1,008	2,294
Other liabilities	408	(3,298)	(1,433)
Net cash provided by operating activities	41,334	17,744	14,293
Cash flows from investing activities:			
Additions to property, plant and equipment	(10,490)	(13,780)	(5,395)
Acquisitions, net of cash acquired	-	(20,653)	(96,178)
Proceeds from sale of Molded Fiber	-	29,007	-
Proceeds from sale of property, plant and equipment	2	6,717	114
Net cash (used in) provided by investing activities	(10,488)	1,291	(101,459)
Cash flows from financing activities:			
Proceeds from advances on revolving line of credit	9,000	44,000	34,839
Payments on revolving line of credit	(28,000)	(60,000)	-
Proceeds from the issuance of long-term debt	-	-	40,000
Principal repayment of long-term debt	(4,000)	(4,000)	-
Payment of contingent consideration	(5,000)	(4,543)	-
Principal payments on finance lease obligations	(63)	(63)	(29)
Proceeds from the exercise of stock options	680	390	162
Payment of statutory withholding for restricted stock units vested	(2,641)	(1,678)	(923)
Net cash (used in) provided by financing activities	(30,024)	(25,894)	74,049
Effect of foreign currency exchange rates on cash and cash equivalents	(10)	193	-
Net change in cash and cash equivalents	812	(6,666)	(13,117)
Cash and cash equivalents at beginning of year	4,451	11,117	24,234
Cash and cash equivalents at end of year	$ 5,263	$ 4,451	$ 11,117

The accompanying notes are an integral part of these consolidated financial statements.

(1) Summary of Significant Accounting Policies

UFP Technologies, Inc. (“the Company”) is a design, engineering, and custom manufacturer of comprehensive solutions for medical devices, sterile packaging, and other highly engineered custom products. The Company is an important link in the medical device supply chain and a valued outsource partner to many of the top medical device manufacturers in the world. The Company’s single-use and single-patient devices and components are used in a wide range of medical devices and packaging for minimally invasive surgery, infection prevention, wound care, wearables, orthopedic soft goods, and orthopedic implants.

The Company is diversified by also providing highly engineered products and components to customers in the automotive, aerospace and defense, consumer, electronics, and industrial markets. Typical applications of its products include military uniform and gear components, automotive interior trim, athletic padding, air filtration, abrasive nail files, and protective cases and inserts.

(a) Principles of Consolidation

The consolidated financial statements of the Company include the accounts and results of operations of UFP Technologies, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company consists of a single operating and reportable segment. The Company has evaluated all subsequent events through the date of this filing.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including allowance for doubtful accounts and the net realizable value of inventory, and the fair value of goodwill, and the fair value of intangible assets, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Fair Value Measurement

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurement or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

(d) Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities are stated at carrying amounts that approximate fair value because of the short maturity of those instruments. The carrying amount of the Company’s long-term debt approximates fair value as the interest rate on the debt approximates the Company’s current incremental borrowing rate.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, the Company did not have any cash equivalents.

The Company maintains its cash in bank deposit accounts that at times exceed federally insured limits. The Company periodically reviews the financial stability of institutions holding its accounts and does not believe it is exposed to any significant custodial credit risk.

At December 31, 2023 and 2022, cash held by foreign subsidiaries was approximately $3.7 million and $3.2 million, respectively.

(f) Accounts Receivable

The Company periodically reviews the collectability of its accounts receivable. Provisions are recorded for accounts that are potentially uncollectable. Determining adequate reserves for accounts receivable requires management's judgment. Conditions impacting the realizability of the Company's receivables could cause actual asset write-offs to be materially different than the reserved balances as of December 31, 2023 and 2022.

(g) Inventories

Inventories include material, labor, and manufacturing overhead and are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out ("FIFO") method.

The Company periodically reviews the realizability of its inventory for potential excess or obsolescence. Determining the net realizable value of inventory requires management's judgment. Conditions impacting the realizability of the Company's inventory could cause actual asset write-offs to be materially different than the Company's current estimates as of December 31, 2023 and 2022.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets or the related lease term, if shorter.

Estimated useful lives of property, plant, and equipment are as follows:

Leasehold improvements	Shorter of estimated useful life or remaining lease term
Buildings and improvements (years)	20 – 30
Machinery and equipment (years)	7 – 10
Furniture, fixtures, computers & software (years)	3 – 7

Property, plant, and equipment amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. No events or changes in circumstances arose during the years ended December 31, 2023, 2022 and 2021 that required management to perform an impairment analysis.

(i) Goodwill

Goodwill is tested for impairment annually and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Reporting units are one level below the business segment level but can be combined when reporting units within the same segment have similar economic characteris-tics. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The Company consists of a single reporting unit.

The Company performed a qualitative assessment ("step 0") as of October 1, 2023 and determined that it was more likely than not that the fair value of its reporting unit exceeded its' carrying amount. As a result, the Company is not required to proceed to a "step 1" impairment assessment. Factors considered included the 2022 step 1 analysis and the calculated excess fair value over carrying amount, financial performance, forecasts and trends, market cap, regulatory and environmental issues, macro-economic conditions, industry and market considerations, raw material costs and management stability.

The Company last performed “step 1” of the goodwill impairment test as of October 1, 2022. In performing the most recent “step 1” evaluation of goodwill impairment, the Company primarily utilized the guideline public company (“GPC”) method under the market approach and the discounted cash flows method (“DCF”) under the income approach to determine the fair value of the reporting unit for purposes of testing the reporting unit’s carrying value of goodwill for impairment. The GPC method derives a valuation by generating a multiple of EBITDA through the comparison of the Company to similar publicly traded companies. The DCF approach derives a value based on the present value of a series of estimated future cash flows at the valuation date by the application of a discount rate, one that a prudent investor would require before making an investment in our equity securities. Based on calculations under the above noted approach, the fair value of the reporting unit significantly exceeded the carrying value of the reporting unit. In performing these calculations, management used its most reasonable estimates of the key assumptions discussed above. If the Company’s actual operating results and/or the key assumptions utilized in management’s calculations differ from our expectations, it is possible that a future impairment charge may be necessary.

(j) Intangible Assets

Intangible assets with a definite life are amortized on a straight-line basis, with estimated useful lives ranging from 5 to 20 years. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that their carrying values may not be recoverable. No events or changes in circumstances arose during the year ended December 31, 2023, 2022 and 2021 that required management to perform an impairment analysis.

(k) Revenue Recognition

The Company recognizes revenue when a customer obtains control of a promised good or service. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for promised goods or services. The Company recognizes revenue in accordance with the core principles of ASC 606 which include (1) identifying the contract with a customer, (2) identifying separate performance obligations within the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue. The Company recognizes all but an immaterial portion of its product sales upon shipment. The Company recognizes revenue from the sale of tooling and machinery primarily upon customer acceptance. The Company recognizes revenue from engineering services, which are primarily product development services, as the services are performed or as otherwise determined based on the substance of the agreement. The Company recognizes revenue from bill-and-hold transactions at the time the specified goods are complete and available to the customer.

Standard payment terms are net 30 days unless contract terms state otherwise. When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. We do not assess whether a significant financing component exists if the period between when we perform our obligations under the contract and when the customer pays is one year or less. In the ordinary course of business, the Company accepts sales returns from customers for defective goods, such amounts being immaterial. Although only applicable to an insignificant number of transactions, the Company has elected to exclude sales taxes from the transaction price. The Company has elected to account for shipping and handling activities for which the Company is responsible under the terms and conditions of the sale not as performance obligations but rather as fulfillment costs. These activities are required to fulfill the Company’s promise to transfer the goods and are expensed when revenue is recognized. Variable consideration to be included in the transaction price is estimated using either the expected value method or the most likely method based on facts and circumstances. Variable consideration is included in the transaction price if it is probable that a significant future reversal of cumulative revenue under the contract will not occur. The Company has elected to not disclose the aggregate amount of the transaction price allocated to unsatisfied performance obligations, as the Company’s contracts have an original expected duration of one year or less, or revenue has been recognized at the amount for which the Company has the right to invoice for engineering services performed.

(l) Share-Based Compensation

When accounting for equity instruments exchanged for employee services, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). Forfeitures are expensed as they occur.

(m) Shipping and Handling Costs

Costs incurred related to shipping and handling are included in cost of sales. Amounts charged to customers pertaining to these costs are included in net sales.

(n) Income Taxes

The Company's income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry-forwards. Deferred tax expense or benefit results from the net change during the year in deferred tax assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company evaluates the need for a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. The Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. Should the Company determine that it would not likely be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in tax expense.

(o) Segments and Related Information

The Company follows the provisions of Accounting Standards Codification (ASC) 280, *Segment Reporting*, which establish standards for the way public business enterprises report information and operating segments in annual financial statements (see Note 19).

(p) Treasury Stock

The Company accounts for treasury stock under the cost method, using the first-in, first out cost flow assumption, and includes treasury stock as a component of stockholders' equity. The Company did not repurchase any shares of common stock during the years ended December 31, 2023, 2022 and 2021.

(q) Research and Development

On a routine basis, the Company incurs costs related to research and development activity. These costs are expensed as incurred and are included in "Cost of Sales" on the Consolidated Statements of Comprehensive Income. Approximately $7.2 million, $9.3 million, and $8.5 million were expensed in the years ended December 31, 2023, 2022 and 2021, respectively.

(r) Foreign Currency Translation

The Company translates all assets and liabilities of its foreign subsidiaries, where the U.S. dollar is not the functional currency, at the period-end exchange rate and translates income and expenses at the average exchange rates in effect during the period. The net effect of this translation is recorded in the consolidated financial statements as a component of Accumulated Other Comprehensive Income (Loss) (AOCI).

Recent Accounting Pronouncements

There are no newly issued accounting pronouncements that the Company expects to have a material effect on the financial statements.

(2) Acquisitions and Divestiture

Molded Fiber

On July 26, 2022, pursuant to a share purchase agreement and related agreements, the Company sold its former wholly owned subsidiary Moulded Fibre Technology, Inc. ("MFT") and related real estate in Iowa to CKF USA INCORPORATED ("CKF") (a Delaware Corporation) for approximately $31.5 million. The net book value of the assets sold was approximately $15.4 million and the Company recorded a net gain on the sale of approximately $15.7 million, which was recorded in the year ended December 31, 2022. $2.6 million of the purchase price was held in escrow to indemnify CKF against certain claims, losses, and liabilities. The full escrow balance was released in January 2024. The Securities Purchase Agreement contains customary representations, warranties, and covenants customary for transactions of this type. Proceeds from the sale were used to pay down debt on the Company's revolving credit facility, as well as income tax obligations on the related gain.

Advant Medical

On March 16, 2022, the Company purchased 100% of the outstanding shares of common stock of Advant Medical, Ltd., Advant Medical Inc., and Advant Medical Costa Rica, Limitada, (together Advant), pursuant to a Stock Purchase Agreement and related agreements, for an aggregate purchase price of €19.0 million in cash along with a working capital adjustment at closing. Total consideration in U.S. Dollars amounted to approximately $21.2 million. The Stock Purchase Agreement contains customary representations, warranties, and covenants customary for transactions of this type.

Founded in 1993, Advant is headquartered in Galway, Ireland, with operations in Costa Rica and partner manufacturing in Mexico. Advant is a developer and contract manufacturer of medical devices and packaging, primarily for catheters and guide wires.

The following table summarizes the allocation of consideration paid to the acquisition date fair value of the assets acquired and liabilities assumed based on management's estimates of fair value (in thousands):

Fair value of considerations transferred		
Cash paid at closing	$	23,608
Other liability		395
Cash from Advant		(2,840)
Total consideration	**$**	21,163
Purchase price allocation		
Accounts receivable	$	2,299
Inventory		2,410
Other current assets		213
Property, plant, and equipment		5,704
Customer contracts & relationships		2,925
Intellectual property		2,127
Non-compete agreement		259
Lease right of use assets		289
Other assets		41
Goodwill		7,140
Total identifiable assets	$	23,407
Accounts payable		(772)
Accrued expenses		(668)
Income taxes		(66)
Deferred taxes		(449)
Lease liabilities		(289)
Net assets acquired	**$**	21,163

Acquisition costs associated with the transaction were approximately $789 thousand, of which $759 thousand was charged to expense in the year ended December 31, 2022, and $30 thousand was charged to expense in the year ended December 31, 2021. These costs were primarily for legal, investment banking, and valuation services, as well as stamp duty filings and are reflected on the face of the income statement.

The amount of revenue and earnings of Advant recognized since the acquisition date, which is included in the condensed consolidated statement of income for the year ended December 31, 2022, was approximately $20.0 million and $2.4 million, respectively.

None of the goodwill related to the Advant acquisition is expected to be deductible for tax purposes

Pro-forma statements

The following table contains an unaudited pro forma condensed consolidated statement of operations for the years ended December 31, 2022, and 2021, as if the Advant acquisition had occurred at the beginning of 2021 (in thousands):

	Year Ended December 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Sales	$ 358,196	$ 291,403
Operating Income	$ 56,321	$ 29,729
Net income	$ 42,311	$ 21,805
Earnings per share:		
Basic	$ 5.59	$ 2.90
Diluted	$ 5.52	$ 2.86

The above unaudited pro forma information is presented for illustrative purposes only and may not be indicative of the results of operations that would have occurred had the acquisition occurred as presented. In addition, future results may vary significantly from the results reflected in such pro forma information.

DAS Medical

On December 22, 2021, the Company purchased 100% of the outstanding membership interests of DAS Medical Holdings, LLC, (DAS Medical) pursuant to a Securities Purchase Agreement, for a net purchase price of $66.7 million in cash. The purchase price was subject to adjustment based upon DAS Medical’s final working capital at closing, and the purchase price may be increased by up to $20.0 million in earn-out payments based upon the achievement of certain EBITDA and/or revenue targets of DAS Medical for the years ended December 31, 2022, 2023, 2024 and 2025. A portion of the purchase price is being held in escrow to indemnify the Company against certain claims, losses, and liabilities. The Securities Purchase Agreement contains customary representations, warranties, and covenants customary for transactions of this type. As a result of the final working capital adjustment, the total consideration was reduced by approximately $115 thousand.

In connection with its entry into the Purchase Agreement, the Company also entered into an Agreement for the Purchase and Sale of Personal Goodwill (the “Goodwill Agreement”) with the purchase price beneficiaries. Pursuant to the terms of the Goodwill Agreement, on December 22, 2021, the Company purchased from the beneficiaries their personal goodwill, including business relationships, trade secrets and knowledge in connection with DAS Medical’s business, for a purchase price of $20 million in cash.

The Company has also entered into Non-Competition Agreements with the beneficiaries and the Company has agreed to pay additional consideration to the parties to the Non-Competition Agreements, including an aggregate of $10.0 million in payments over the ten years following the closing of the DAS Medical acquisition for the 10-year noncompetition covenants of certain key owners.

Founded in 2010, DAS Medical is headquartered in Atlanta, Georgia, with manufacturing in the Dominican Republic. DAS Medical is a medical device contract manufacturer specializing in the design, development and production of single-use surgical equipment covers, robotic draping systems and fluid control pouches.

The following table summarizes the allocation of consideration paid to the acquisition date fair value of the assets acquired and liabilities assumed based on management's estimates of fair value (in thousands):

Fair value of considerations transferred		
Cash paid at closing	$	95,000
Contingent liability (Earn-out)		5,188
Non-compete agreements		8,855
Cash from DAS		(8,316)
Working capital adjustment		(115)
Total consideration	**$**	100,612
Purchase price allocation		
Accounts receivable	$	2,351
Inventory		7,570
Other current assets		68
Property, plant, and equipment		3,314
Customer contracts & relationships		36,730
Intellectual property		2,380
Non-compete agreement		4,697
Lease right of use assets		1,221
Goodwill		51,742
Total identifiable assets	$	110,073
Accounts payable		(5,238)
Accrued expenses		(2,995)
Deferred revenue		(7)
Lease liabilities		(1,221)
Net assets acquired	**$**	100,612

Acquisition costs associated with the transaction were approximately $448 thousand, of which $155 thousand was charged to expense in the year ended December 31, 2022, and $293 thousand was charged to expense in the year ended December 31, 2021. These costs were primarily for legal and valuation services and are reflected on the face of the income statement.

The amount of revenue and net income of DAS Medical recognized since the acquisition date, which is included in the condensed consolidated statement of income for the year ended December 31, 2021, was approximately $1.4 million and $0.1 million, respectively.

Contech Medical

On October 12, 2021, the Company purchased 100% of the outstanding shares of common stock of Contech Medical, Inc., pursuant to a stock purchase agreement and related agreements, for an aggregate purchase price of $9.5 million in cash, the assumption of a contingent liability of $0.5 million plus up to an additional $5 million based upon the achievement of certain EBITDA targets of Contech for the 12-month period ended June 30, 2022. The purchase price was subject to adjustment based upon Contech's working capital at closing. A portion of the purchase price is being held in escrow to indemnify the Company against certain claims, losses, and liabilities. The Purchase Agreement contains customary representations, warranties, and covenants customary for transactions of this type.

Founded in 1987, Contech is based in Providence, Rhode Island with partner manufacturing in Costa Rica. Contech is a global leader in the design, development, and manufacture of Class III medical device packaging primarily for catheters and guide wires. The Company has leased the Providence location from a realty trust owned by the selling shareholders and affiliates. The lease is for five years with one five-year renewal option.

The following table summarizes the allocation of consideration paid to the acquisition date fair value of the assets acquired and liabilities assumed based on management's estimates of fair value (in thousands):

Fair value of consideration transferred:		
Cash paid at closing	$	9,766
Contingent liability (Earn-out)		4,543
Other liability		500
Cash from Contech		(266)
Total consideration	**$**	14,543
Purchase Price Allocation:		
Accounts receivable	$	2,851
Inventory		2,320
Other current assets		37
Property, plant and equipment		1,170
Customer Contracts & Relationships		3,043
Intellectual Property		2,247
Non-Compete agreement		86
Lease right of use assets		1,523
Goodwill		4,278
Total identifiable assets	$	17,555
Accounts payable		(1,015)
Accrued expenses		(414)
Deferred revenue		(60)
Lease liabilities		(1,523)
Net assets acquired	**$**	14,543

Acquisition costs associated with the transaction were approximately $153 thousand, of which $113 thousand was charged to expense in the year ended December 31, 2022, and $40 thousand was charged to expense in the year ended December 31, 2021. These costs were primarily for legal and valuation services and are reflected on the face of the income statement.

The amount of revenue and net income of Contech recognized since the acquisition date, which is included in the condensed consolidated statement of income for the year ended December 31, 2021, was approximately $4.5 million and $0.5 million, respectively.

100% of the goodwill related to the DAS Medical and Contech acquisitions is expected to be deductible for tax purposes.

Pro-forma statement

The following table contains an unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2021, as if both acquisitions had occurred at the beginning of 2021 (in thousands):

		Year Ended December 31, 2021
		(Unaudited)
Sales	$	269,932
Operating Income	$	25,878
Net Income	$	20,562
Earnings per share:		
Basic	$	2.73
Diluted	$	2.70

The above unaudited pro forma information is presented for illustrative purposes only and may not be indicative of the results of operations that would have occurred had both acquisitions occurred as presented. In addition, future results may vary significantly from the results reflected in such pro forma information.

(3) Revenue Recognition

Disaggregated Revenue

The following table presents the Company's revenue disaggregated by the major types of goods and services sold to our customers (in thousands) (See Note 19 for further information regarding net sales by market):

	Years Ended December 31,		
	2023	2022	2021
Net sales of:			
Products	$ 391,460	$ 342,742	$ 201,248
Tooling and Machinery	3,468	6,307	1,814
Engineering services	5,144	4,743	3,258
Total net sales	$ 400,072	$ 353,792	$ 206,320

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. When invoicing occurs prior to revenue recognition, the Company has deferred revenue (contract liabilities) included within "deferred revenue" on the condensed consolidated balance sheet. The following table presents opening and closing balances of contract liabilities for the years ended December 31, 2023, and 2022 (in thousands):

	Contract Liabilities Years Ended December 31,	
	2023	2022
Deferred revenue - beginning of period	$ 4,679	$ 4,247
Increases due to consideration received from customers	6,572	6,337
Revenue recognized	(4,635)	(5,330)
Decrease due to sale of Molded Fiber	-	(575)
Deferred revenue - end of period	$ 6,616	$ 4,679

Revenue recognized during the years ended December 31, 2023 and 2022 from amounts included in deferred revenue at the beginning of the period was approximately $2.7 million and $2.2 million, respectively.

When invoicing occurs after revenue recognition, the Company has unbilled receivables (contract assets) included within "receivables" on the condensed consolidated balance sheet. The following table presents opening and closing balances of contract assets for the years ended December 31, 2023 and 2022 (in thousands):

	Contract Assets Years Ended December 31, 2023	Contract Assets Years Ended December 31, 2022
Unbilled Receivables - beginning of period	$ 270	$ 74
Increases due to revenue recognized, not invoiced to customers	3,545	3,653
Decreases due to customer invoicing	(3,701)	(3,457)
Unbilled Receivables - end of period	$ 114	$ 270

(4) Supplemental Cash Flow Information

	Years Ended December 31, 2023	2022	2021
		(in thousands)	
Cash paid for:			
Interest	$ 3,537	$ 2,721	$ 53
Income taxes, net of refunds	10,568	13,200	5,914
Non-cash investing and financing activities:			
Capital additions accrued but not yet paid	$ 536	$ 125	$ 135
Accrued contingent consideration	13,096	14,568	9,731
Present value of non-competition payments	8,474	10,043	9,477

(5) Receivables and Allowance for Credit Losses

Receivables consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Accounts receivable–trade	$ 65,176	$ 55,850
Less allowance for credit losses	(727)	(733)
Receivables, net	$ 64,449	$ 55,117

The Company is exposed to credit losses primarily through sales of products and services. The Company's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of customers' trade accounts receivables. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected is based on the aging of the accounts receivable balances and the financial condition of customers. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company's monitoring activities include timely account reconciliation, dispute resolution, payment confirmation, consideration of customers' financial condition and macroeconomic conditions. Balances are written-off when determined to be uncollectible. Estimates based on an assessment of anticipated payment and all other historical, current, and future information that is reasonably available are used to determine the allowance.

The following table provides a roll-forward of the allowance for credit losses that is deducted from accounts receivable to present the net amount expected to be collected for the years ended December 31, 2023 and 2022 (in thousands):

	Allowance for Credit Losses Year Ended December 31, 2023	2022
Allowance - beginning of period	$ 733	$ 519
Provision for expected credit losses	15	293
Amounts written off against the allowance, net of recoveries	(31)	(55)
Recoveries	10	15
Decrease due to sale of Molded Fiber business	-	(39)
Allowance - end of period	$ 727	$ 733

(6) Inventories

Inventories consist of the following (in thousands):

	December 31, 2023	2022
Raw materials	$ 53,539	$ 42,475
Work in process	7,821	4,183
Finished goods	8,831	6,878
Total Inventory	$ 70,191	$ 53,536

(7) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2022 are as follows (in thousands):

	2023	2022
Opening balance	$ 113,028	$ 107,905
Acquired in business combinations (See Note 2)	-	7,140
DAS working capital adjustment	-	196
DAS opening balance sheet reclassification	-	(243)
Sale of Molded Fiber	-	(1,778)
Foreign currency translation	235	(192)
Ending balance	$ 113,263	$ 113,028

The carrying values of the Company's definite-lived intangible assets as of December 31, 2023 and 2022 are as follows (in thousands):

December 31, 2023	Customer List	Intellectual Property / Tradename & Brand	Non-Compete	Total
Weighted-average useful life	20 years	11.9 years	9.3 years	
Gross amount	$ 65,270	$ 7,134	$ 5,505	$ 77,909
Accumulated amortization	(10,932)	(1,331)	(1,530)	$ (13,793)
Net balance	$ 54,338	$ 5,803	$ 3,975	$ 64,116

December 31, 2022	Customer List	Intellectual Property / Tradename & Brand	Non-Compete	Total
Weighted-average useful life	20 years	11.9 years	9.3 years	
Gross amount	$ 65,174	$ 7,064	$ 5,497	$ 77,735
Accumulated amortization	(7,665)	(727)	(982)	$ (9,374)
Net balance	$ 57,509	$ 6,337	$ 4,515	$ 68,361

Amortization expense related to intangible assets was approximately $4.4 million, $4.4 million, and $1.3 million for the years ended December 31, 2023, 2022, and 2021, respectively. The estimated remaining amortization expense as of December 31, 2023 is as follows (in thousands):

2024	$ 4,401
2025	4,401
2026	4,399
2027	4,397
2028	4,350
Thereafter	42,168
Total	$ 64,116

(8) Property, Plant and Equipment

Property, plant, and equipment consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Land and improvements	$ 4,849	$ 4,811
Buildings and improvements	34,735	34,446
Leasehold improvements	8,226	5,503
Machinery & equipment	58,343	52,233
Furniture, fixtures, computers & software	6,324	6,401
Construction in progress	6,845	7,272
Property, plant and equipment	$ 119,322	$ 110,666
Accumulated depreciation and amortization	(57,185)	(52,594)
Net property, plant and equipment	$ 62,137	$ 58,072

Depreciation and amortization expense of Property, Plant and Equipment for the years ended December 31, 2023, 2022, and 2021 was approximately $7.0 million, $7.5 million, and $7.1 million, respectively.

(9) Debt

On December 22, 2021, the Company, as the borrower, entered into a secured $130 million Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") with certain of the Company's subsidiaries (the "Subsidiary Guarantors") and Bank of America, N.A., in its capacity as the initial lender, Administrative Agent, Swingline Lender and L/C Issuer, and certain other lenders from time-to-time party thereto. The Second Amended and Restated Credit Agreement amends and restates the Company's prior credit agreement, originally dated as of February 1, 2018.

The credit facilities under the Second Amended and Restated Credit Agreement consist of a $40 million secured term loan to the Company and a secured revolving credit facility, under which the Company may borrow up to $90 million. The Second Amended and Restated Credit Agreement matures on December 21, 2026. The secured term loan requires quarterly principal payments of $1 million that commenced on March 31, 2022. The proceeds of the Second Amended and Restated Credit Agreement may be used for general corporate purposes, including funding the acquisition of DAS Medical, as well as certain other permitted acquisitions. The Company's obligations under the Second Amended and Restated Credit Agreement are guaranteed by the Subsidiary Guarantors and secured by substantially all assets of the Company.

The Second Amended and Restated Credit Agreement calls for interest determined by the Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus a margin that ranges from 1.25% to 2.0% or, at the discretion of the Company, the bank's prime rate less a margin that ranges from 0.25% to zero. In both cases the applicable margin is dependent upon Company performance. Under the Second Amended and Restated Credit Agreement, the Company is subject to a minimum fixed-charge coverage financial covenant as well as a maximum total funded debt to EBITDA financial covenant. The Second Amended and Restated Credit Agreement contains other covenants customary for transactions of this type, including restrictions on certain payments, permitted indebtedness, and permitted investments.

At December 31, 2023, the Company had approximately $32 million in borrowings outstanding under the Second Amended and Restated Credit Agreement, which were used as partial consideration for the DAS Medical and Advant acquisitions, and also had approximately $0.7 million in standby letters of credit outstanding, drawable as a financial guarantee on worker's compensation insurance policies. At December 31, 2023, the applicable interest rate was approximately 6.7% and the Company was in compliance with all covenants under the Second Amended and Restated Credit Agreement.

Long-term debt consists of the following (in thousands):

	December 31, 2023
Term loan	$ 32,000
Total long-term debt	32,000
Current portion	(4,000)
Long-term debt, excluding current portion	$ 28,000

Future maturities of long-term debt at December 31, 2023 are as follows (*in thousands*):

Year ended December 31,	Term Loan
2024	$ 4,000
2025	4,000
2026	24,000
	$ 32,000

(10) Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Compensation	$ 8,741	$ 7,949
Current portion of contingent consideration	5,000	5,000
Current portion of present value of non-competition payments	1,888	1,888
Accrued customer rebates	119	3,493
Other	6,337	4,792
	$ 22,085	$ 23,122

(11) Income Tax

The Company's domestic and foreign net income before provision for income taxes for the years ended December 31, 2023, 2022, and 2021 consists of the following (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Domestic	$ 26,545	$ 34,654	$ 21,205
Foreign	27,357	18,064	-
Total	$ 53,902	$ 52,718	$ 21,205

The Company's income tax provision for the years ended December 31, 2023, 2022, and 2021 consists of the following (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Current			
Federal	$ 6,099	$ 11,238	$ 5,793
State	1,784	2,309	1,320
Foreign	272	1,863	-
Total Current	8,155	15,410	7,113
Deferred			
Federal	841	(3,856)	(1,399)
State	2	(624)	(395)
Foreign	(20)	(1)	-
Total Deferred	823	(4,481)	(1,794)
Total income tax provision	$ 8,978	$ 10,929	$ 5,319

The approximate tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows (in thousands):

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Reserves	$ 603	$ 450
Inventory capitalization	-	305
Compensation programs	2,040	2,120
Equity-based compensation	685	690
Lease liability	3,596	3,298
Intangible assets	1,774	1,132
Deferred revenue	963	1,115
Other	21	362
Gross deferred tax assets	9,682	9,472
Valuation allowance	-	-
Net deferred tax assets	9,682	9,472
Deferred tax liabilities:		
Excess of book over tax basis of fixed assets	(2,839)	(2,782)
Goodwill	(3,095)	(2,445)
Right of use asset	(3,481)	(3,245)
Inventory capitalization	(88)	-
Total deferred tax liabilities	(9,503)	(8,472)
Net long-term deferred tax assets (liabilities)	$ 179	$ 1,000

The amounts recorded as deferred tax assets as of December 31, 2023 and 2022 represent the amount of tax benefits of existing deductible temporary differences that are more likely than not to be realized through the generation of sufficient future taxable income. The Company had gross deferred tax assets of approximately $9.7 million on December 31, 2023, that it believes are more likely than not to be realized. Management reviews the recoverability of deferred tax assets during each reporting period.

The actual tax provision for the years presented differs from that derived from using a U.S federal statutory rate of 21% to income before income tax expense as follows:

	Years Ended December 31,		
	2023	2022	2021
U.S. federal statutory rate	21.0%	21.0%	21.0%
Increase (decrease) in income taxes resulting from:			
State taxes, net of federal tax benefit	2.7	3.2	4.0
Tax credits	(0.1)	(0.7)	(1.7)
Return to provision adjustments	(3.2)	-	0.7
Foreign rate differential	(9.3)	(3.7)	-
GILTI impact	4.5	0.8	-
FDII impact	(0.7)	-	-
Excess tax benefits on equity awards	(1.9)	(0.6)	(0.2)
162m limitations	1.9	0.8	0.7
Increases in uncertain tax positions	1.3	-	-
Other	0.5	(0.1)	0.8
Change in valuation allowance	-	-	(0.2)
Effective tax rate	16.7%	20.7%	25.1%

The Company's foreign subsidiary earnings are subject to current U.S. taxation under the Tax Cuts and Jobs Act of 2017, which also repealed U.S. taxation on the subsequent repatriation of those earnings. The Company intends to repatriate substantially all of its future foreign subsidiary earnings. The repatriation of earnings outside of the U.S. generally does not represent a material net tax impact to the Company. The withholding taxes associated with the Company's earnings in the Dominican Republic are generally fully creditable against the Company US tax liability and therefore do not produce any incremental tax consequences. The earnings of the Company's other foreign subsidiaries, and therefore the withholding taxes associated with those earnings, are not material as of December 31, 2023.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions, as well as in Ireland and Costa Rica. It currently does not have a local filing obligation with respect to its subsidiary in the Dominican Republic. The Company has not been audited by any state for income taxes with the exception of returns filed in Michigan which have been audited through 2004, income tax returns filed in Massachusetts which have been audited through 2007 and is currently undergoing an audit for the years 2020 and 2021, income tax returns filed in Florida which have been audited through 2019, income tax returns filed in New Jersey which have been audited through 2012, income tax returns in Colorado which have been audited through 2017, income tax returns in Iowa which have been audited through 2019, and income tax returns in Illinois which is currently undergoing an audit for the years 2020 and 2021. The Company's federal tax return is currently being audited for the years 2019 and 2020. Federal and state tax returns for the years 2019 through 2022 remain open to examination by the IRS and various state jurisdictions. The Company's non-US tax returns in Ireland and Costa Rica remain open for the years 2019 through 2022.

The Company applies the accounting guidance in ASC 740 to accounting for uncertainty in income taxes. The Company's reserves related to taxes are based on determination of whether, and how much of, a tax benefit taken by the Company in its tax filings or positions, is more likely than not to be realized following resolution of any potential contingencies present related to the tax benefit. The following is a roll forward of the Company's unrecognized tax benefits ("UTB") (in thousands):

	December 31,	
	2023	2022
Gross UTB balance at beginning of fiscal year	$ -	$ -
Gross increases - tax positions of prior years	670	-
Gross UTB balance at end of fiscal year	$ 670	$ -

As a result of an ongoing IRS audit, the Company, for the year ended December 31, 2023, recorded an uncertain tax benefit of $670 thousand related to disputed research credits taken in prior year's federal tax returns. The Company did not have any uncertain tax benefits as of December 31, 2022.

(12) Net Income Per Share

Basic income per share is based upon the weighted average common shares outstanding during each year. Diluted income per share is based upon the weighted average of common shares and dilutive common stock equivalent shares outstanding during each year. The weighted average number of shares used to compute both basic and diluted income per share consisted of the following (in thousands):

	Years Ended December 31,		
	2023	**2022**	**2021**
Basic weighted average common shares outstanding during the year	7,624	7,564	7,524
Weighted average common equivalent shares due to stock options and restricted stock units	77	99	91
Diluted weighted average common shares outstanding during the year	7,701	7,663	7,615

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock options, when the average market price of the common stock is lower than the exercise price of the related options during the period. These outstanding stock awards are not included in the computation of diluted earnings per share because the effect would have been antidilutive.

For the years ended December 31, 2023, 2022, and 2021, the number of stock awards excluded from the computation was 4,218, 9,876, and 10,716, respectively.

(13) Share-Based Compensation

The Company issues share-based awards through several plans that are described in detail below.

Incentive Plan

In June 2003, the Company formally adopted the 2003 Incentive Plan (the "Plan"). As amended and restated to date, the Plan is intended to benefit the Company by offering equity-based and other incentives to certain of the Company's executives and employees who are in a position to contribute to the long-term success and growth of the Company, thereby encouraging the continuance of their involvement with the Company and/or its subsidiaries.

Two types of equity awards may be granted to participants under the Plan: restricted shares or other stock awards. Restricted shares are shares of common stock awarded subject to restrictions and to possible forfeiture upon the occurrence of specified events. Other stock awards are awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of common stock. Such awards may include Restricted Stock Unit Awards ("RSUs"), incentive and non-qualified stock options, performance shares, or stock appreciation rights. The Company determines the form, terms, and conditions, if any, of any awards made under the Plan.

Through December 31, 2023, 1,355,430 shares of common stock were issued under the 2003 Incentive Plan, none of which have been restricted. An additional 93,905 shares are being reserved for outstanding grants of RSUs and other share-based compensation that are subject to various performance and time-vesting contingencies. The Company has also granted awards in the form of stock options under this Plan. Through December 31, 2023, 192,935 options were granted and 7,935 options are outstanding. At December 31, 2023, 707,011 shares or options are available for future issuance in the 2003 Incentive Plan.

Director Plan

Effective July 15, 1998, the Company adopted the 1998 Director Plan, which was amended and renamed on June 3, 2009 as the 2009 Non-Employee Director Stock Incentive Plan (the "Director Plan"). The Director Plan was amended on March 7, 2013, to (i) prohibit the repricing of stock options or other equity awards without the consent of the Company's shareholders, and (ii) prohibit the Company from buying out underwater stock options. The Director Plan was amended on June 8, 2022, to increase the maximum number of shares issuable under the Director Plan from 975,000 to 1,075,000. The Director Plan, as amended, provides for the issuance of stock options and other equity-based securities to non-employee members of the Company's board of directors.

Through December 31, 2023, 405,022 options were granted, and 70,553 options are outstanding. For the year ended December 31, 2023, 1,788 RSUs are being reserved for outstanding grants of RSUs and 124,025 shares remain available to be issued under the Director Plan.

Share-based compensation

Share-based compensation is measured at the grant date based on the fair value of the award and is recognized as an expense over the requisite service period (generally the vesting period of the equity grant). Share-based compensation is included in selling, general & administrative expenses as follows (in thousands):

	Years Ended December 31,		
Share-based compensation related to:	**2023**	**2022**	**2021**
Common stock grants	$ 400	$ 400	$ 400
Stock option grants	432	263	210
RSUs	3,809	2,545	1,818
Total share-based compensation	$ 4,641	$ 3,208	$ 2,428

The total income tax benefit recognized in the consolidated statements of income for share-based compensa-tion arrangements was approximately $2.2 million, $1.3 million, and $0.8 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Common stock grants

The compensation expense for common stock granted during the three-year period ended December 31, 2023, was determined based on the market price of the shares on the date of grant.

Stock option grants

The compensation expense for stock options granted during the three-year period ended Decem-ber 31, 2023, was determined as the fair value of the options using the Black Scholes valuation model. The range of assumptions are noted as follows:

	Years Ended December 31,		
	2023	**2022**	**2021**
Expected volatility	36.6% - 40.6%	34.7%	33.7%
Expected dividends	None	None	None
Risk-free interest rate	3.6% - 3.9%	2.9%	0.8%
Exercise price	$111.54 - $167.98	$77.28	$57.34
Expected term (years)	6.2 - 6.8	6.2	6.2
Weighted-average grant date fair value	$37.81 - $71.17	$30.37	$19.60

The stock volatility for each grant is determined based on a review of the experience of the weighted average of historical daily price changes of the Company's common stock over the expected option term, and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected term of the option. The expected term is estimated based on historical option exercise activity.

The following is a summary of stock option activity for the year ended December 31, 2023:

	Shares Under Options	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding December 31, 2022	92,075	$ 39.98		
Granted	12,153	131.13		
Exercised	(25,740)	30.67		
Outstanding December 31, 2023	78,488	$ 57.14	5.56	$ 9,018
Exercisable at December 31, 2023	66,335	$ 43.59	5.48	$ 8,521
Vested and expected to vest at December 31, 2023	78,488	$ 57.14	5.56	$ 9,018

During the years ended December 31, 2023, 2022, and 2021, the total intrinsic value of all options exercised (i.e., the difference between the market price and the price paid by the employees to exercise the options) was approximately $3.0 million, $1.2 million, and $0.2 million, respectively, and the total amount of consideration received from the exercise of these options was approximately $0.8 million, $0.4 million, and $0.2 million, respectively. At its discretion, the Company allows option holders to surrender previously owned common stock in lieu of paying the exercise price and withholding taxes. During the years ended December 31, 2023 and 2022, 861 shares and 1,876 shares were redeemed for this purpose at an average market price of $127.05 and $95.82, respectively. During the year ended December 31, 2021, no shares were redeemed for this purpose.

RSUs

The Company grants RSUs to its directors, executive officers and employees. The stock unit awards are subject to various time-based vesting requirements, and certain portions of these awards are subject to performance criteria of the Company. Compensation expense on these awards is recorded based on the fair value of the award at the date of grant, which is equal to the Company’s closing stock price, and is charged, to expense ratably during the service period. No compensation expense is taken on awards that do not become vested, and the amount of compensation expense recorded is adjusted based on management’s determination of the probability that these awards will become vested.

The following table summarizes informa-tion about stock unit award activity during the year ended December 31, 2023:

	Restricted Stock Units	Weighted Average Award Date Fair Value
Outstanding at December 31, 2022	102,048	$ 56.02
Awarded	46,050	113.91
Shares vested	(52,126)	55.17
Forfeitures	(279)	106.60
Outstanding at December 31, 2023	95,693	$ 64.82

At the Company's discretion, RSU holders are given the option to net-share settle to cover the required minimum withholding tax, and the remaining amount is converted into the equivalent number of common shares. During the year ended December 31, 2023, 20,457 shares were redeemed for this purpose at an average market price of $117.95. During the years ended December 31, 2022 and 2021, 19,425 and 14,190 shares were redeemed for this purpose at an average market price of $67.05 and $52.55, respectively.

The following summarizes the future share-based compensation expense the Company will record as the equity securities granted through December 31, 2023, vest (in thousands):

	Options	Restricted Stock Units	Total
2024	$ 280	$ 3,048	$ 3,328
2025	19	1,787	1,806
2026	-	206	206
Total	$ 299	$ 5,041	$ 5,340

(14) Leases

The Company has operating and finance leases for offices, manufacturing plants, vehicles and certain office and manufacturing equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company accounts for each separate lease component of a contract and its associated non-lease components as a single lease component, thus causing all fixed payments to be capitalized. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right of use ("ROU") assets or lease liabilities. These are expensed as incurred and recorded as variable lease expense. The Company determines if an arrangement is a lease at the inception of a contract. Operating and finance lease ROU assets and operating and finance lease liabilities are stated separately in the condensed consolidated balance sheet.

ROU assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the net present value of fixed lease payments over the lease term. The Company's lease term includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option. ROU assets are also adjusted for any deferred or accrued rent. As the Company's leases do not typically provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

ROU assets and lease liabilities consist of the following (in thousands):

	December 31,	
	2023	2022
Operating lease ROU assets	$ 13,437	$ 12,942
Finance lease ROU assets	151	211
Total ROU assets	$ 13,588	$ 13,153
Operating lease liabilities - current	$ 3,162	$ 2,458
Finance lease liabilities - current	60	59
Total lease liabilities - current	$ 3,222	$ 2,517
Operating lease liabilities - long-term	$ 10,719	$ 10,695
Finance lease liabilities - long-term	96	156
Total lease liabilities - long-term	$ 10,815	$ 10,851

	Year Ended December 31, ($ in thousands)	
	2023	2022
Lease Cost:		
Finance lease cost:		
Amortization of right of use assets	$ 60	$ 60
Interest on lease liabilities	4	5
Operating lease cost	3,132	2,621
Variable lease cost	324	304
Short-term lease cost	68	57
Total lease cost	$ 3,588	$ 3,047
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 2,979	$ 2,452
Financing cash flows from finance leases	63	63
ROU assets obtained in exchange for operating lease obligations	2,492	329
Weighted-average remaining lease term (years):		
Finance	2.54	3.54
Operating	4.42	5.34
Weighted-average discount rate:		
Finance	2.11%	2.10%
Operating	3.42%	3.00%

The aggregate future lease payments for leases as of December 31, 2023 were as follows (in thousands):

	December 31, 2023	
	Operating (a)	Finance
2024	$ 2,813	$ 63
2025	3,137	63
2026	2,764	28
2027	2,519	6
2028	1,190	-
Thereafter	2,828	-
Total lease payments	15,251	160
Less: Interest	(1,370)	(4)
Present value of lease liabilities	$ 13,881	$ 156

(a) Future operating lease payments have not been reduced by minimum sublease rentals of approximately $1.8 million due in the future under non-cancelable subleases.

Rent expense amounted to approximately $2.9 million, $2.6 million, and $1.4 million in 2023, 2022, and 2021, respectively.

(15) Other Long-Term Liabilities

Other long-term liabilities consist of the following (in thousands):

	December 31,	
	2023	2022
Accrued contingent consideration (earn-out)	$ 8,096	$ 9,568
Present value of non-competition payments	6,586	8,155
Other	499	497
	$ 15,181	$ 18,220

(16) Commitments and Contingencies

(a) *Legal* – From time to time, the Company may be a party to various suits, claims and complaints arising in the ordinary course of business. In the opinion of management , these suits, claims and complaints should not result in final judgments or settlements that, in the aggregate, would have a material adverse effect on the Company's financial condition or results of operations.

(b) *Contingent Consideration* – In conjunction with both the Contech Medical and DAS Medical acquisitions in the fourth quarter of 2021, the Company incurred liabilities for certain contingent consideration related to the valuation of earn-out payments based upon the performance of the business. Also, in conjunction with the DAS Medical acquisition, the Company incurred a liability for contingent consideration related to the present value of non-competition payments. We re-measure contingent liabilities each reporting period and record changes in the fair value through a separate line item within our consolidated statements of operations. Increases or decreases in the fair value of the contingent consideration liability can result from changes in discount rates, periods, timing and amount of projected revenue or timing or likelihood of achieving regulatory, revenue or commercialization-based milestones. The use of alternative valuation assumptions, including estimated revenue projections, growth rates, cash flows, discount rates, useful life, or probability of achieving clinical, regulatory, or revenue-based milestones could result in different purchase price allocations and recognized amortization expense and contingent consideration expense or benefit in current and future periods.

(17) Employee Benefit Plans

The Company maintains 401(k) and profit-sharing plans for eligible employees. Contributions to the Plans are made in the form of matching contributions to employee 401(k) deferrals. Contributions to the Plan were approxi-mately $1.3 million, $0.7 million, and $0.6 million for the years 2023, 2022, and 2021, respectively.

The Company has a partially self-insured health insurance program that covers all eligible participating employees. The maximum liability is limited by a stop loss of $225 thousand per insured person, along with an aggregate stop loss determined by the number of participants.

The Company has an Executive, Non-qualified "Excess" Plan ("the Plan"), which is a deferred compen-sa-tion plan available to certain executives. The Plan permits participants to defer receipt of part of their current compensation to a later date as part of their personal retirement or financial planning. Partici-pants have an unsecured contractual commitment from the Company to pay amounts due under the Plan.

The compensation withheld from Plan participants, together with gains or losses determined by the participants' deferral elections is reflected as a deferred compensation obligation to participants and is classified within the liabilities section in the accompanying balance sheets. At December 31, 2023 and 2022, the balance of the deferred compensation liability totaled approximately $5.4 million and $4.2 million, respectively. The related assets, which are held in the form of a Company-owned, variable life insurance policy that names the Company as the beneficiary, are classified within the other assets section of the accompanying balance sheets and are accounted for based on the underlying cash surrender values of the policies and totaled approximately $5.3 million and $4.1 million as of December 31, 2023 and 2022, respectively.

(18) Fair Value of Financial Instruments

Financial instruments recorded at fair value in the consolidated balance sheets, or disclosed at fair value in the footnotes, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels defined by ASC 820, *Fair Value Measurements and Disclosures*, and directly related to the amount of subjectivity associated with inputs to fair valuation of these assets and liabilities, are as follows:

Level 1
Valued based on unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2
Valued based on either directly or indirectly observable prices for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3
Valued based on management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The following table presents the fair value and hierarchy levels, for financial assets that are measured at fair value on a recurring basis (in thousands):

Level 3	December 31, 2023	December 31, 2022
Purchase price contingent consideration (Note 2):		
Accrued contingent consideration (earn-out)	$ 13,096	$ 14,568
Present value of non-competition payments	8,474	10,043
Total contingent consideration	$ 21,570	$ 24,611

The following table presents the changes in the estimated fair values of the Company's liabilities for contingent consideration measured using significant unobservable inputs (Level 3) (in thousands):

December 31, 2021	$ 19,208
Advant acquisition - non-competition agreement	350
Fair value measurement adjustments	10,128
Payments	(5,075)
December 31, 2022	$ 24,611
Fair value measurement adjustments	3,765
Payments	(6,806)
December 31, 2023	$ 21,570

Significant unobservable inputs include revenue and EBITDA projections and risk-free discount rates.

In connection with the acquisition of DAS Medical in 2021, the Company is required to make contingent payments, subject to the entities achieving certain financial performance thresholds. The contingent consideration payments for the DAS Medical acquisition are up to $20 million. The Company paid $5 million during the second quarter of 2023. The fair value of the liability for the contingent consideration payments recognized upon the acquisition as part of the purchase accounting opening balance sheets totaled approximately $9.7 million and was estimated by discounting to present value the probability-weighted contingent payments expected to be made. Assumptions used in the initial calculation were managements financial forecasts, discount rate and various volatility factors. The ultimate settlement of contingent consideration could deviate from current estimates based on the actual results of these financial measures. This liability is considered to be a Level 3 financial liability that is re-measured each reporting period. The fair value of the liability for the contingent consideration payments recognized at December 31, 2023 totaled approximately $13.1 million. The change in fair value of contingent consideration for the acquisition is included in change in fair value of contingent consideration in the condensed consolidated statements of comprehensive income.

Also in connection with the DAS Medical and Advant Medical acquisitions, the Company has entered into Non-Competition Agreements with the beneficiaries (certain previous owners of DAS and Advant) and the Company has agreed to pay additional consideration to the parties to the Non-Competition Agreements, including an aggregate of $10.0 million in payments over the ten years following the closing of the DAS Medical acquisition for the 10-year noncompetition covenants of certain key owners. The present value of the Non-Competition Agreements at December 31, 2023 totaled approximately $8.5 million. This liability is considered to be a Level 3 financial liability that is re-measured each reporting period.

The Company has financial instruments, such as accounts receivable, accounts payable, and accrued expenses, that are stated at carrying amounts that approximate fair value because of the short maturity of those instruments. The carrying amount of the Company's long-term debt approximates fair value as the interest rate on the debt approximates the estimated borrowing rate currently available to the Company.

(19) Segment Data

The Company consists of a single operating and reportable segment.

Revenues shipped to customers outside of the United States comprised approximately 20.8%, 17.5% and 13.9% of the Company's consolidated revenues for the years ended December 31, 2023, 2022 and 2021, respectively. One customer comprised approximately 28.1% and 21.5% of the Company's consolidated revenues for the years ended December 31, 2023 and 2022, respectively. No customer comprised more than 10% of the Company's consolidated revenues for the year ended December 31, 2021. On December 31, 2023, two customers represented approximately 16.5% and 12.2%, respectively, of gross accounts receivable. On December 31, 2022, one customer represented approximately 10% of gross accounts receivable. Approximately 15.3% of all long-lived assets are located outside of the United States.

The Company's products are primarily sold to customers within the Medical, Aerospace & Defense, Automotive, and Industrial/Other markets. Sales by market for the years ended December 31, 2023, 2022, and 2021 are as follows (in thousands):

	2023		2022		2021	
Market	**Net Sales**	**%**	**Net Sales**	**%**	**Net Sales**	**%**
Medical	$ 346,355	86.6%	$ 286,180	80.9%	$ 132,505	67.2%
Aerospace & Defense	16,990	4.2%	15,328	4.3%	16,380	7.9%
Automotive	16,700	4.2%	17,487	4.9%	15,596	7.6%
Industrial/Other	20,027	5.0%	34,797	9.8%	41,839	20.3%
Net Sales	$ 400,072	100.0%	$ 353,792	100.0%	$ 206,320	100.0%

Certain amounts for the year ended December 31, 2022 and 2021 were reclassified between markets to conform to the current year presentation.

(20) Quarterly Financial Information (unaudited)

Summarized quarterly financial data is as follows (in thousands, except per share data):

2023	Q1	Q2	Q3	Q4
Net sales	$ 97,753	$ 100,037	$ 100,784	$ 101,498
Gross profit	28,701	29,645	27,750	26,129
Net income	9,739	11,883	11,694	11,607
Basic net income per share	1.28	1.56	1.53	1.52
Diluted net income per share	1.27	1.55	1.52	1.51

2022	Q1	Q2	Q3	Q4
Net sales	$ 71,242	$ 94,343	$ 96,970	$ 91,237
Gross profit	17,134	24,324	25,523	23,279
Net income	4,858	8,929	19,540	8,462
Basic net income per share	0.64	1.18	2.58	1.12
Diluted net income per share	0.64	1.17	2.56	1.10

UFP TECHNOLOGIES, INC.

Consolidated Financial Statement Schedule

Valuation and Qualifying Accounts

Years ended December 31, 2023, 2022, and 2021

Accounts receivable, allowance for credit losses:

	2023	2022	2021
Balance at beginning of year	$ 733	$ 519	$ 484
Provision for bad debt	15	293	179
Write-offs, net of recoveries	(21)	(40)	(144)
Sale of Molded Fiber business	-	(39)	-
Balance at end of year	$ 727	$ 733	$ 519

Exhibit 4.02

DESCRIPTION OF COMPANY SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

This section summarizes certain information regarding the Common Stock, $0.01 par value per share (the "Common Stock"), of UFP Technologies, Inc., a Delaware corporation ("we", "us", "our" or the "Company"), which constitutes the only class of the Company's securities that is registered under Section 12 of the Securities Exchange Act of 1934, as amended. The following description is only a summary and does not purport to be complete and is qualified by reference to our certificate of incorporation, as amended (our "Certificate of Incorporation"), and our amended and restated bylaws (our "Bylaws"), each of which is incorporated by reference as exhibits to our annual report on Form 10-K. For additional information, please read our Certificate of Incorporation, our Bylaws, and the applicable provisions of the General Corporation Law of Delaware (the "DGCL").

Common Stock

General

As of June 7, 2023, we had 20,000,000 shares of Common Stock authorized for issuance. All of the issued and outstanding shares of our Common Stock are fully paid and non-assessable. Each share of Common Stock entitles the holder of record thereof to one vote on all matters to be voted on by stockholders. We do not have a classified Board of Directors. The full Board of Directors is subject to reelection at each annual meeting of our stockholders. When a quorum is present at any meeting of stockholders, directors are elected by a plurality of the votes cast by stockholders entitled to vote at the meeting. Our common stockholders do not have cumulative voting rights in the election of directors.

The Common Stock is entitled to receive dividends, if any, as declared by our board of directors from legally available funds. The terms of any outstanding shares of Preferred Stock may provide that dividends may not be paid on Common Stock unless all accrued dividends on Preferred Stock, if any, have been paid or declared and set aside. In the event of our liquidation, dissolution or winding up, the holders of our Common Stock are entitled to share ratably in all assets available for distribution to the stockholders, subject to prior distribution rights of our Preferred Stock, if any, then outstanding. Our Common Stock has no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to such shares. Except as may be required by applicable law or the rules of any stock exchange or automated quotation system on which shares of our Common Stock may be listed or traded, our Board of Directors has the authority to issue, without further stockholder approval, our authorized but unissued shares of Common Stock. The authority of our Board of Directors to issue authorized but unissued shares of our Common Stock might be considered as having the effect of discouraging an attempt by another person or entity to effect a takeover or otherwise gain control of us, since the issuance of additional shares of our Common Stock would dilute the voting power of our Common Stock then outstanding.

Stockholder Meetings

Our Bylaws provide that special meetings of our stockholders may be called at any time only by the Company's president, Chief Executive Officer or the Board of Directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our Bylaws provide that stockholders seeking to nominate directors or bring business before an annual meeting of stockholders must provide timely notice of their proposal in writing to the Secretary of the Company. To be timely, notice must be delivered to the Company's Secretary at the Company's principal executive offices not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Our Bylaws also specify requirements as to the substance and form of a stockholder's notice. These provisions may impede stockholders' ability to bring matters before an annual meeting of stockholders or make nominations for directors.

Blank Check Preferred Stock

Our Board of Directors, without further stockholder approval (except as may be required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded) has the authority to issue up to 1,000,000 shares of Preferred Stock in one or more class or series, and to fix the rights, preferences, privileges and restrictions thereof. If our Board of Directors elects to exercise its authority to issue shares of such Preferred Stock, the rights and privileges of holders of shares of our Common Stock could be made subject to the rights and privileges of such class or series of Preferred Stock. The issuance of such Preferred Stock or even the ability to issue Preferred Stock could also have the effect of delaying, deterring or preventing a change of control or other corporate action.

Certificate of Incorporation

Various other provisions of our Certificate of Incorporation, which are summarized in the following paragraphs, may be deemed to have an anti-takeover effect and may have the effect of delaying, deferring, discouraging or preventing a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Anti-Greenmail Provision

Our Certificate of Incorporation contains a so-called “anti-greenmail” provision. This provision is intended to discourage speculators who accumulate beneficial ownership of a significant block of stock of a company and then, under the threat of making a tender offer or instigating a proxy contest or some other corporate disruption, succeed in extracting from the company a premium price to repurchase the shares acquired by the speculator. This tactic is known as greenmail. The anti-greenmail provision prohibits us from purchasing any shares of our Common Stock from a person, known by the Company to be a related person, who has beneficially owned such Common Stock or right to purchase such Common Stock for less than two years prior to the date of such purchase, at a per share price in excess of the fair market value at the time of the purchase unless the purchase is approved by the holders of two-thirds of the then outstanding voting stock, excluding any votes cast by the related person. The term “voting stock” means the shares of the capital stock of the Company entitled to vote generally in the election of directors. The term “related person” means any person (other than the Company or a subsidiary of the Company or any individual who is a stockholder of the Company on the Merger Date (as defined in the Certificate of Incorporation), together with its affiliates and associates, who acquires more than five percent of our Common Stock. Stockholder approval is not required for such purchases when the offer is made available on the same terms to all holders of shares of our Common Stock or when the purchases are effected on the open market. The affirmative vote of the holders of at least two-thirds of the outstanding shares of our voting stock, voting together as a single class, shall be required to alter, change, amend, repeal or adopt any provision inconsistent with this anti-greenmail provision.

Supermajority Vote Required for Certain Actions not Approved by Continuing Directors

Our Certificate of Incorporation contains a provision that requires the affirmative vote of the holders of 80% of our outstanding Common Stock to approve amendments to our Certificate of Incorporation or to approve extraordinary transactions that are required to be approved by stockholders under the DGCL, including mergers, sales of substantially all of the Company’s assets and dissolution, if the actions are not approved by a majority of our continuing directors. Our Certificate of Incorporation provides that the affirmative vote of the holders of only a majority of our outstanding Common Stock is required to approve such matters if they have been approved by our continuing directors. The term “continuing director” is defined to mean (i) any member of our Board of Directors who is unaffiliated with a related person and was a member of our Board of Directors prior to the time any such person became a related person and (ii) any successor to such a continuing director who is not affiliated with any related person and is recommended to succeed a continuing director by a majority of the continuing directors then on the Board of Directors. A majority of the continuing directors can designate a new director to be a continuing director, even though such person is affiliated with a related person. The effect of this provision of our Certificate of Incorporation would be to make it unlikely that any transaction requiring a stockholder vote would receive the requisite approval unless supported by our management.

Delaware Business Combination Statute

We are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date the stockholder becomes an interested stockholder, unless:

- before the stockholder becomes an interested stockholder, the corporation’s board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder;

- after the transaction which results in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the corporation’s outstanding voting stock; or

- on or subsequent to such date, the business combination is approved by the corporation’s board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least 66 2/3% of the corporation’s outstanding voting stock that is not owned by the interested stockholder.

An “interested stockholder” is a person or entity who directly or indirectly owns 15% or more of the corporation’s outstanding voting stock. A “business combination” includes a merger, asset sale or other transaction which results in a financial benefit to the interested stockholder.

Exhibit F

STOCK UNIT AWARD AGREEMENT
(Dominican Republic Employees)

(Granted under the UFP Technologies, Inc. 2003 Incentive Plan)

This Stock Unit Award Agreement is entered into as of the 14th day of February, 2023 by and between UFP Technologies, Inc. (hereinafter the “Company”) and _______________ (the “Awardee”). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Company’s 2003 Incentive Plan, as amended (the “Plan”). Stock Unit Awards (SUA’s represent the Company’s unfunded and unsecured promise to issue shares of Common Stock at a future date, subject to the terms of this Award Agreement, including, without limitation, the performance objectives set forth in Schedule A hereto, and the Plan. Awardee has no rights under the SUAs other than the rights of a general unsecured creditor of the Company.

1. Grant of Stock Unit Awards; Performance Objectives; Vesting.

(a) The Company, in the exercise of its sole discretion pursuant to the Plan, does hereby award to the Awardee the number of SUAs set forth on Schedule A hereto upon the terms and subject to the conditions hereinafter contained. The SUA’s shall consist of a Threshold Award, a Target Award and an Exceptional Award. The Target Award and the Exceptional Award are each awarded subject to attainment during the Performance Cycle described on Schedule A of the Performance Objectives set forth on Schedule A .

(b) Subject to attainment of any applicable Performance Objectives, payment with respect to vested SUA’s shall be made entirely in the form of shares of Common Stock of the Company on each respective vesting date as set forth on Schedule A.

(c) As soon as possible after the end of the Performance Cycle, the Committee will certify in writing whether and to what extent the Performance Objectives have been met for the Performance Cycle. The date of the Committee’s certification pursuant to this subsection (c) shall hereinafter be referred to as the “Certification Date”. The Company will notify the Awardee of the Committee’s certification following the Certification Date (such notice, the “Determination Notice”). The Determination Notice shall specify (i) the Performance Objective, as derived from the Company’s audited financial statements; and (ii) the extent, if any, to which the Performance Objectives were satisfied with respect to the Target Award and the Exceptional Award.

2. Change in Control. Notwithstanding the vesting schedule set forth in Schedule A: if there is a Change in Control of the Company (as defined in the Plan) following the end of the Performance Cycle, and the Awardee’s Continuous Status as an employee, as contemplated by Section 4 hereof, shall not have been terminated as of the date immediately prior to the effective date of such Change in Control, then subject to attainment during the Performance Cycle described on Schedule A of any applicable Performance Objective set forth on Schedule A, and subject to the provisions of Section 21 of this Award Agreement, any SUA’s representing the Threshold, Target and the Exceptional Award, which are not already vested shall become vested in full as of the effective date of such Change in Control.

3. Termination. Unless terminated earlier under Section 4, 5 or 6 below, an Awardee's rights under this Award Agreement with respect to the SUAs issued under this Award Agreement shall terminate at the time such SUAs are converted into shares of Common Stock.

4. Termination of Awardee's Continuous Status as an Employee. Except as otherwise specified in Section 5 and 6 below, in the event of termination of Awardee's Continuous Status as an employee of the Company, Awardee's rights under this Award Agreement in any unvested SUAs shall terminate. For purposes of this Award Agreement, an Awardee's Continuous Status as an employee shall mean the absence of any interruption or termination of service as an employee. Continuous Status as an employee shall not be considered interrupted in the case of sick leave or leave of absence for which Continuous Status is not considered interrupted as determined by the Company in its sole discretion.

5. Disability of Awardee. Notwithstanding the provisions of Section 4 above, in the event of termination of Awardee's Continuous Status as an employee as a result of disability (within the meaning of Section 409A of the Internal Revenue Code, and hereinafter referred to as "Disability"), the SUAs which would have vested during the twelve (12) months following the date of such termination, set out in Schedule A, shall become vested as of the date of such termination, subject, however, to the provisions of Section 21 of this Award Agreement. If Awardee's Disability originally required him or her to take a short-term disability leave which was later converted into long-term disability, then for the purposes of the preceding sentence the date on which Awardee ceased performing services shall be deemed to be the date of commencement of the short-term disability leave. The Awardee's rights in any unvested SUAs that remain unvested after the application of this Section 5 shall terminate at the time Awardee ceases to be in Continuous Status as an employee.

6. Death of Awardee. Notwithstanding the provisions of Section 4 above, in the event of the death of Awardee:

(a) If the Awardee was, at the time of death, in Continuous Status as an employee, the SUAs which would have vested during the twelve (12) months following the date of death of Awardee, set out in Schedule A, shall become vested as of the date of death.

(b) The Awardee's rights in any unvested SUAs that remain after the application of Section 6(a) shall terminate at the time of the Awardee's death.

7. Value of Unvested SUAs. In consideration of the award of these SUAs, Awardee agrees that upon and following termination of Awardee's Continuous Status as an employee for any reason (whether or not in breach of applicable laws), and regardless of whether Awardee is terminated with or without cause, notice, or pre-termination procedure or whether Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested SUAs under this Award Agreement shall be deemed to have a value of zero dollars ($0.00).

8. Conversion of SUAs to shares of Common Stock; Responsibility for Taxes and Money Laundering regulation.

(a) Provided Awardee has satisfied the requirements of Section 8(b) below, and subject to the provisions of Section 21 below, on the vesting of any SUAs, such vested SUAs shall be converted into an equivalent number of shares of Common Stock that will be distributed to Awardee or, in the event of Awardee's death, to Awardee's legal representative, as soon as practicable. The distribution to the Awardee, or in the case of the Awardee's death, to the Awardee's legal representative, of shares of Common Stock in respect of the vested SUAs shall be evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means as determined by the Company.

(b) Regardless of any action the Company takes with respect to any or all income tax (including federal, state and local taxes), social security, payroll tax or other tax-related withholding ("Tax Related Items"), Awardee acknowledges that the ultimate liability for all Tax Related Items legally due by Awardee is and remains Awardee's responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the SUAs, including the grant of the SUAs, the vesting of SUAs, the conversion of the SUAs into shares of Common Stock, the subsequent sale of any shares of Common Stock acquired at vesting and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the SUAs to reduce or eliminate the Awardee's liability for Tax Related Items. Prior to the issuance of shares of Common Stock upon vesting of SUAs as provided in Section 8(a) above, Awardee shall pay, or make adequate arrangements satisfactory to the Company, in its sole discretion, to satisfy all withholding obligations of the Company. In this regard, Awardee authorizes the Company to withhold all applicable Tax Related Items legally payable by Awardee from Awardee's wages or other cash compensation payable to Awardee by the Company. Alternatively, or in addition, if permissible under applicable law, the Company may, in its sole discretion, (i) sell or arrange for the sale of shares of Common Stock to be issued to satisfy the withholding obligation, and/or (ii) withhold in shares of Common Stock, provided that the Company shall withhold only the amount of shares necessary to satisfy the minimum withholding amount. Awardee shall pay to the Company any amount of Tax Related Items that the Company may be required to withhold as a result of Awardee's receipt of SUAs, or the conversion of SUAs to shares of Common Stock that cannot be satisfied by the means previously described. Except where applicable legal or regulatory provisions prohibit, the standard process for the payment of an Awardee's Tax Related Items shall be for the Company to withhold in shares of Common Stock only to the amount of shares necessary to satisfy the minimum withholding amount. The Company may refuse to deliver shares of Common Stock to Awardee if Awardee fails to comply with Awardee's obligation in connection with the Tax Related Items as described herein.

(c) In lieu of issuing fractional shares of Common Stock, on the vesting of a fraction of a SUA, the Company shall round the shares to the nearest whole share and any such share which represents a fraction of a SUA will be included in a subsequent vest date.

(d) Until the distribution to Awardee of the shares of Common Stock in respect to the vested SUAs is evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means, Awardee shall have no right to vote or receive dividends or any other rights as a shareholder with respect to such shares of Common Stock, notwithstanding the vesting of SUAs. Subject to the provisions of Section 21 below, the Company shall cause such distribution to Awardee to occur promptly upon the vesting of SUAs. No adjustment will be made for a dividend or other right for which the record date is prior to the date Awardee is recorded as the owner of the shares of Common Stock, except as provided in Section 8 of the Plan.

(e) By accepting the Award of SUAs evidenced by this Award Agreement, Awardee agrees not to sell any of the shares of Common Stock received on account of vested SUAs at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply so long as Awardee is an Employee, Consultant or outside director of the Company or a Subsidiary of the Company.

(f) Adjustments and other matters relating to stock dividends, stock splits, recapitalizations, reorganizations, Corporate Events and the like shall be made and determined in accordance with Section 6 of the Plan, as in effect on the date of this Agreement.

(g) By accepting the Award of SUAs and the terms and conditions of this Award Agreement, Awardee acknowledges and agrees to comply with all applicable Dominican laws and report any income and pay any and all applicable taxes and other mandatory contributions, as required by Dominican laws and regulations, associated with the award and any sale of shares of Common Stock received under the Plan, and the receipt of any dividends paid on such shares of Common Stock.

(h) By accepting the Award of SUAs evidenced by this Award Agreement the Awardee agrees to fulfill with any applicable report obligation before the Dominican authorities pursuant to the applicable money laundering regulation(s) in the Dominican Republic. Likewise, in the event that the Company is required to submit information regarding to the Plan and the Award Agreement related to money laundering information applicable in Dominican Republic, Awardee agrees to collaborate and to provide any additional information required.

9. Non-Transferability of SUAs. Awardee's right in the SUAs awarded under this Award Agreement and any interest therein may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, other than by will or by the laws of descent or distribution, prior to the distribution of the shares of Common Stock in respect of such SUAs. SUAs shall not be subject to execution, attachment or other process.

10. Acknowledgment of Nature of Plan and SUAs. In accepting the Award, Awardee acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. Awardee´s participation in the Plan is voluntary, and he acknowledges and agrees that he has not been induced to enter into this Award Agreement or acquire any shares of Common Stock by expectation of employment, engagement or appointment or continued employment, engagement or appointment;

(b) the Award of SUAs is voluntary and occasional and does not create any contractual or other right to receive future awards of SUAs, or benefits in lieu of SUAs even if SUAs have been awarded repeatedly in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) Awardee's participation in the Plan is voluntary;

(e) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(f) if Awardee receives shares of Common Stock, the value of such shares of Common Stock acquired on vesting of SUAs may increase or decrease in value;

(g) notwithstanding any terms or conditions of the Plan to the contrary and consistent with Section 4 and Section 7 above, in the event of involuntary termination of Awardee's employment (whether or not in breach of applicable laws), Awardee's right to receive SUAs and vest under the Plan, if any, will terminate effective as of the date that Awardee is no longer actively employed and will not be extended by any notice period mandated under applicable law; furthermore, in the event of involuntary termination of employment (whether or not in breach of applicable laws), Awardee's right to receive shares of Common Stock pursuant to the SUAs after termination of employment, if any, will be measured by the date of termination of Awardee's active employment and will not be extended by any notice period mandated under applicable law. The Committee shall have the exclusive discretion to determine when Awardee is no longer actively employed for purposes of the award of SUAs; and

(h) Awardee acknowledges and agrees that, regardless of whether Awardee is terminated with or without cause, notice or pre-termination procedure or whether Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, Awardee has no right to, and will not bring any legal claim or action for, (a) any damages for any portion of the SUAs that have been vested and converted into Common Shares, or (b) termination of any unvested SUAs under this Award Agreement.

11. No Employment Right. Awardee acknowledges that neither the fact of this Award of SUAs nor any provision of this Award Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon Awardee any right with respect to employment or continuation of current employment with the Company, or to employment that is not terminable at will. Awardee further acknowledges and agrees that neither the Plan nor this Award of SUAs makes Awardee's employment with the Company for any minimum or fixed period, and that such employment is subject to the mutual consent of Awardee and the Company, and subject to any written employment agreement that may be in effect from time to time between the Company and the Awardee, may be terminated by either Awardee or the Company at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline or procedure.

12. Administration. The authority to manage and control the operation and administration of this Award Agreement shall be vested in the Committee (as such term is defined in Section 2 of the Plan), and the Committee shall have all powers and discretion with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of the Award Agreement by the Committee and any decision made by the Committee with respect to the Award Agreement shall be final and binding on all parties.

13. Plan Governs. Notwithstanding anything in this Award Agreement to the contrary, the terms of this Award Agreement shall be subject to the terms of the Plan, and this Award Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

14. Notices. Any written notices provided for in this Award Agreement which are sent by mail shall be deemed received three business days after mailing, but not later than the date of actual receipt. Notices shall be directed, if to Awardee, at the Awardee's address indicated by the Company's records and, if to the Company, at the Company's principal executive office.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to SUAs awarded under the Plan or future SUAs that may be awarded under the Plan by electronic means or request Awardee's consent to participate in the Plan by electronic means. Awardee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Acknowledgment. By Awardee's acceptance as evidenced below, Awardee acknowledges that Awardee has received and has read, understood and accepted all the terms, conditions and restrictions of this Award Agreement and the Plan. Awardee understands and agrees that this Award Agreement is subject to all the terms, conditions, and restrictions stated in this Award Agreement and the Plan, as the latter may be amended from time to time in the Company's sole discretion. In addition, the Awardee acknowledges that the Award and rights granted to the Awardee hereunder shall be subject to forfeiture to the Company in accordance with any policy that may hereafter be promulgated by the Company to comply with the requirements of Section 10D(b)(2) of the Securities Exchange Act of 1934, as amended. Awardee
acknowledge that it is his express wish that the Award Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Awardee confirms that has sufficient language capabilities to understand these terms and conditions in full.

17. [Intentionally Omitted]

18. Governing Law. This Award Agreement shall be governed by the laws of the State of Delaware, without regard to Delaware laws that might cause other law to govern under applicable principles of conflicts of law.

19. Severability. If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

20. Complete Award Agreement and Amendment. This Award Agreement and the Plan constitute the entire agreement between Awardee and the Company regarding SUAs. Any prior agreements, commitments or negotiations concerning these SUAs are superseded. This Award Agreement may be amended only by written agreement of Awardee and the Company, without consent of any other person. Awardee agrees not to rely on any oral information regarding this Award of SUAs or any written materials not identified in this Section 20.

21. Section 409A. This Award Agreement is intended to be in compliance with the provisions of Section 409A of the Internal Revenue Code to the extent applicable, and the Regulations issued thereunder. Anything in this Agreement to the contrary notwithstanding, if at the time of the Awardee's separation from service within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"), the Company determines that the Awardee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Awardee becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Awardee's separation from service, or (B) the Awardee's death. The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h). To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party. Solely for the purposes of Section 409A of the Code, the share increments issuable on each vesting date on Schedule A shall be considered a separate payment. The Company makes no representation or warranty and shall have no liability to the Awardee or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

22. Registration or approval in the Dominican Republic. The Stock Unit Award is not intended to be a public offer in or from the Dominican Republic. Because it is considered a private offering, it is not subject to securities registration before the Superintendence of Securities of the Dominican Republic (*Superintendencia del Mercado de Valores*) ("SIMV"). Neither this document nor any other materials relating to the Plan (i) constitutes a public offering in the terms defined by the Securities Law, Law No. 249-17, or the Public Offering Regulation issued on October 15, 2019, R-CNMV-20l9-24-MV; (ii) may be offered to the public or publicly distributed nor otherwise made publicly available in the Dominican Republic or (iii) has been or will be filed with, approved or supervised by any Dominican regulatory authority, including the SIMV or any regulatory body such as Superintendent of Banks (*Superintendencia de Bancos*). Since the Company is not a regulated entity in the Dominican Republic, the Plan is not subject to any other type of registration or approval within the Dominican Republic.

EXECUTED the day and year first above written.

UFP TECHNOLOGIES, INC.

By: ______________________________

R. Jeffrey Bailly
Chief Executive Officer

AWARDEE'S ACCEPTANCE:
I have read and fully understood this Award Agreement and, as referenced in Section 16 above, I accept and agree to be bound by all of the terms, conditions and restrictions contained in this Award Agreement and the other documents referenced in it.

____

SCHEDULE A

The SUA's issuable under this Agreement shall consist of a Threshold Award, a Target Performance Award and an Exceptional Performance Award, each in the amounts set forth below, each such award issuable in one-third increments on the vesting dates set forth below, provided the respective performance objective (if applicable) is satisfied.

The Performance Objective established by the Committee with respect to the Target Performance Award and Exceptional Performance Award is Adjusted Operating Income** for 2023

	Performance Objective	**Performance Cycle**	**Number of Shares of Common Stock**	**Vesting Dates: March 1 of:**		
				***/2024** [1/3]	***/2025** [1/3]	***/2026** [1/3]
a. Threshold Award [50% of total]	none	n/a	_____	___	___	___
b. Target Performance Award [25% of total]	of Adjusted Operating Income**	Calendar Year 2023	___ (in addition to (a) above)	___	___	___
c. Exceptional Performance Award [25% of total]	of Adjusted Operating Income**	Calendar Year 2023	___ *** (in addition to (a) and (b) above)	___	___	___

*Vesting is subject to the Compensation Committee's determination of satisfaction of any applicable performance target for 2023 (for Target and Exceptional Performance Awards), and subject to continued employment on each such vesting date (for all Awards).

** Adjusted Operating Income is defined herein as Operating Income on the Company's 10-K, excluding the effect of (i) non-recurring restructuring charges related to plant closings and consolidations; and (ii) the impact of acquired or disposed of operations during such year.

*** Between Adjusted Operating Income of $XXX and $XXX the number of shares of Common Stock issuable under the Exceptional Performance Award (in addition to the shares issuable upon attainment of the Target Performance Award) would range from 0, representing the number of shares issuable upon attainment of $XXX of Adjusted Operating Income, to the full number of shares otherwise issuable under the Exceptional award, based on straight line interpolation rounded up or down to the nearest whole share (not to exceed $XXX of Adjusted Operating Income for purposes of this calculation).

Exhibit 21.01

UFP Technologies, Inc. wholly owns the following companies:

1. Advant Medical Limited, a private limited company incorporated under the laws of Ireland, its wholly-owned subsidiary:
   a. Munlu Leighis Advant Teoranta, a private limited company incorporated under the laws of Ireland

2. Advant Costa Rica Limitada, incorporated under the laws of Costa Rica

3. Advant Medical Inc., a Delaware corporation

4. Simco Industries, Inc., a Michigan company

5. Dielectrics, Inc., a Massachusetts company

6. Contech Medical, Inc., a Rhode Island company

7. DAS Medical Holdings, LLC, a Georgia limited liability company, and its wholly-owned subsidiaries:
   a. Sterimed, LLC, a Georgia limited liability company
   b. One Degree Medical Holdings, LLC, a Georgia limited liability company
   c. DAS Medical Corporation, a Delaware company, and its wholly-owned subsidiary:
      i. DAS Medical International, S.R.L., a Dominican Republic company

8. UFP Realty LLC, a Massachusetts limited liability company, and its wholly-owned subsidiaries:
   a. UFPT MA, LLC, a Massachusetts limited liability company
   b. UFP CO, LLC, a Colorado limited liability company
   c. UFP FL, LLC, a Florida limited liability company
   d. UFP TX, LLC, a Texas limited liability company
   e. UFP MI, LLC, a Michigan limited liability company

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 29, 2024, with respect to the consolidated financial statements and internal controls over financial reporting in the Annual Report of UFP Technologies, Inc. on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of UFP Technologies, Inc. on Forms S-8 (File No. 333- 265651, File No. 333-174907, File No. 333-151883, File No. 333-143673, File No. 333-116436, File No. 333-56741, File No. 333-91408, File No. 333-106390, File No. 333-39946, and File No. 333-76640).

/s/ GRANT THORNTON LLP

Boston, MA
February 29, 2024

Exhibit 31.01

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, R. Jeffrey Bailly, President and Chief Executive Officer of UFP Technologies, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of UFP Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 29, 2024	/s/ *R. Jeffrey Bailly*
Date	R. Jeffrey Bailly Chairman, Chief Executive Officer, and Director (Principal Executive Officer)

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ronald J. Lataille, Chief Financial Officer of UFP Technologies, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of UFP Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 29, 2024	/s/ *Ronald J. Lataille*
Date	Ronald J. Lataille Chief Financial Officer (Principal Financial Officer)

Exhibit 32.01

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officers of UFP Technologies, Inc., a Delaware corporation (the "Company"), do hereby certify, to the best of such officers' knowledge and belief, that:

(1) The Annual Report on Form 10-K for the year ended December 31, 2023, (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all materials respects, the financial condition and results of operations of the Company.

February 29, 2024	/s/ *R. Jeffrey Bailly*
Date	R. Jeffrey Bailly Chairman, Chief Executive Officer, and Director (Principal Executive Officer)
February 29, 2024	/s/ *Ronald J. Lataille*
Date	Ronald J. Lataille Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to UFP Technologies, Inc. and will be retained by UFP Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Policy for the Recovery of Erroneously Awarded Compensation

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OVERVIEW

In accordance with the applicable rules of the Nasdaq Stock Market, Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended ("the Exchange Act"), the Board of Directors (the "Board") of UFP Technologies, Inc. (the "Company") has adopted this Policy for the Recovery of Erroneously Awarded Compensation (this "Policy") to provide for the recovery of erroneously awarded incentive-based compensation from Executive Officers.

Policy Statement: Recovery of Erroneously Awarded Compensation

1. In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation received in accordance with this Policy, Nasdaq Rules, and Rule 10D-1 as follows:

    a. After an Accounting Restatement, the Compensation Committee of the Board of Directors (the "Committee") shall determine the amount of any erroneously awarded Incentive-Based Compensation received by an Executive Officer and shall promptly notify such Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such Erroneously Awarded Compensation, as applicable.

        i. For Incentive-Based Compensation based on the Company's stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from information in the applicable Accounting Restatement:

            1. The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company's stock price or total shareholder return upon which the Incentive-Based Compensation was received; and

            2. The Company shall maintain documentation of the determination of such reasonable estimate and provide the documentation of such determination to Nasdaq if required or requested by Nasdaq.

        ii. The Committee shall have the discretion to determine the appropriate means for recovering Erroneously Awarded Compensation.

        iii. To the extent that an Executive Officer fails to repay the Erroneously Awarded Compensation to the Company, the Company shall take actions reasonable and appropriate to recover such compensation.

2. Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 1.(a.) above if the Committee determines that the recovery would be impracticable and any of the following conditions are met:

    a. The Committee, after making a reasonable, documented attempt to recover such Erroneously Awarded Compensation and providing such documentation to Nasdaq, has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered.

    b. The recovery would violate home country law where the law was adopted prior to November 28, 2022, provided that, the Company has obtained an opinion of home country counsel that is acceptable to Nasdaq which states that recovery would result in such violation and provided such opinion to Nasdaq.

    c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

Disclosure Requirements

3. The Company shall file all disclosures with respect to this Policy required by applicable U.S. Securities and Exchange Commission filings and rules.

Prohibition of Indemnification

4. The Company shall not insure or indemnify any executive officer against (i) the loss of any erroneously awarded compensation that is repaid, returned, or recovered pursuant to this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any incentive-based compensation that is granted, paid, or awarded to an executive officer from application of this Policy.

Definitions

5. For purposes of this Policy, the following terms shall have the meanings set forth below.

   a. **Accounting Restatement** means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

   b. **Clawback Eligible Incentive Compensation** means all Incentive-Based Compensation received by an Executive Officer (i) on or after the effective date of the applicable Nasdaq rules, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at the time during the applicable performance period relating to any Incentive-Based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period.

   c. **Clawback Period** means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period, as described by Nasdaq Listing Rule 5608(b)(1)(i)(D).

   d. **Erroneously Awarded Compensation** means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been calculated based on the data in the Accounting Restatement, and without regard to any taxes paid by the Executive Officer.

   e. **Executive Officer** means each individual who is currently or was previously designated as an "officer" of the Company as defined in Rule 16a-1(f) under the Exchange Act or in Nasdaq Listing Rule 5608(d). This includes the principal financial officer and principal accounting officer (or the Controller if there is no principal accounting officer).

   f. **Financial Reporting Measure(s)** means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total shareholder return, and need not be presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission.

   g. **Incentive-Based Compensation** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

   h. **Received** means, with respect to any Incentive-Based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained.

   i. **Restatement Date** means the earlier to occur of (i) the date the Board or a Committee of the Board or officers of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.