

Risk Factors Comparison 2025-03-05 to 2024-03-05 Form: 10-K

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

OPERATIONAL RISKS We may be unable to keep pace with rapidly changing technology in wind turbine and other industrial component manufacturing. The global markets for wind turbines and other manufactured industrial components are rapidly evolving technologically. Our component manufacturing equipment and technology may not be suited for future generations of products being developed by wind turbine companies. As turbines grow in size, particularly to support the development of offshore windfarms, tower manufacturing becomes more complicated and may require investments in new manufacturing equipment. For example, some wind turbine manufacturers are using wind turbine towers made partially or wholly from concrete instead of steel. Additionally, **if we continue to evaluate the implementation of emerging technologies such as generative artificial intelligence and machine learning into our products and services, Such technologies present unique business opportunities along with rapidly changing legal and regulatory risks, and** we may not be able to anticipate vulnerabilities, flaws or security threats resulting from the use of such technology and develop adequate protection measures. To maintain a successful business in our field, we must keep pace with technological developments and the changing standards of our customers and potential customers and meet their constantly evolving demands. If we fail to adequately respond to the technological changes in our industry, make the necessary capital investments or are not suited to provide components for new types of wind turbines, our business, financial condition and operating results may be adversely affected. We are substantially dependent on a few significant customers and the ordering levels for our products may vary based on customer needs. Further, we face significant risks associated with changes in our relationship with these significant customers. Historically, the majority of our revenues are highly concentrated with a limited number of customers. Some of the markets we serve have a limited number of customers. In ~~2023~~ **2024**, one customer, GE ~~Vernova Renewable Energy~~, accounted for more than 10 % of our consolidated revenues, and our five largest customers accounted for ~~65-73~~ % of our consolidated revenues. Certain of our customers have periodically expressed their intent to scale back, delay or restructure existing customer agreements, which has led to reduced revenues from these customers and periodic deviations in expected ordering levels. It is possible that this may occur again in the future. Additionally, not all of our customers make purchases every year. As a result, our operating profits and gross margins have historically been negatively affected by significant variability in production levels, which has created production volume inefficiencies in our operations and cost structures. Because of this variability, we believe that comparisons of our operating results in any particular quarterly period may not be a reliable indicator of future performance. Additionally, if our relationships with our significant customers should change materially, it could be difficult for us to immediately and profitably replace lost sales in a market with such concentration, which could have a material adverse effect on our operating and financial results. We could be adversely impacted by decreased customer demand for our products due to (i) the impact of current or future economic conditions on our customers, (ii) our customers' loss of market share to their competitors that do not use our products, and (iii) our loss of market share with our customers. We could lose market share with our customers to our competitors or to our customers themselves, should they decide to become more vertically integrated and produce the products that we currently provide. In addition, even if our customers continue to do business with us, we could be adversely affected by a number of other potential developments with our customers. For example:

- The inability or failure of our customers to meet their contractual obligations could have a material adverse effect on our business, financial position and results of operations and in the event of a dispute, these customers may have more significant resources than we do, which could result in protracted litigation and the incurrence of material costs.
- Certain customer contracts provide the customer with the opportunity to cancel a substantial portion of its volume obligation by providing us with notice of such election prior to commencement of production. Such contracts generally require the customer to pay a sliding cancellation fee based on how far in advance of commencement of production such notice is provided.
- If we are unable to deliver products to our customers in accordance with an agreed-upon schedule, we may become subject to liquidated damages provisions in certain supply agreements for the period of time we are unable to deliver finished products. Although the liquidated damages provisions are generally capped, they can become significant and may have a negative impact on our profit margins and financial results.
- A material change in payment terms with a significant customer could have a material adverse effect on our short-term cash flows.
- The concentration of our customer base may enable our customers to demand pricing and other terms unfavorable to us and make us more vulnerable to changes in demand by or issues with a given customer. Because our industry is capital intensive and we have significant fixed and semi-fixed costs, our profitability is sensitive to changes in volume. The property, plants and equipment needed to manufacture products for our customers and provide our processes and solutions can be very expensive. We must spend a substantial amount of capital to purchase and maintain such property, plant and equipment. Although we believe our current cash balance, along with our projected internal cash flows and available financing sources, will provide sufficient cash to support our currently anticipated operating and capital needs, if we are unable to generate sufficient cash to purchase and maintain the property, plant and equipment necessary to operate our business, we may be required to reduce or delay planned capital expenditures or to incur additional indebtedness. We face significant risks associated with uncertainties resulting from changes to policies and laws with the periodic changes in the U. S. administration. Changes of administration in the U. S. federal government may affect our business in a manner that currently cannot be reliably predicted, especially given the potentially significant changes to various laws and regulations that affect us. These uncertainties may include changes in laws and policies in areas such as corporate taxation, taxation **and tariffs** on imports of internationally sourced products, international trade including trade treaties such as the United States- Mexico- Canada Agreement, environmental protection and

workplace safety laws, labor and employment law, immigration and health care. **For example, which President Trump has indicated that his administration is likely to impose significant tariffs on imported goods. The imposition of such tariffs may strain international trade relations or impact costs of raw materials. Additionally, an advisory commission, the “Department of Government Efficiency” was announced to reform federal government processes and reduce expenditures. Pressures on and uncertainty surrounding the U. S. federal government’s budget, and potential change in budgetary priorities could adversely affect individual programs and delay purchasing or payment decisions by certain of our customers. All of these uncertainties may** individually or in the aggregate ~~could~~ materially and adversely affect our business, results of operations or financial condition. Disruptions in the supply of parts and raw materials, or changes in supplier relations, may negatively impact our operating results. We are dependent upon the supply of certain raw materials used in our production process, and these raw materials are exposed to price fluctuations on the open market. Raw material costs for materials such as steel, our primary raw material, have fluctuated significantly and may continue to fluctuate. To reduce price risk caused by market fluctuations, we have generally tried to match raw material purchases to our sales contracts or incorporated price adjustment clauses in our contracts. However, limitations on availability of raw materials or increases in the cost of raw materials (including steel), energy, transportation and other necessary services may impact our operating results if our manufacturing businesses are not able to fully pass on the costs associated with such increases to their respective customers. Alternatively, we will not realize material improvements from any decline in steel prices as the terms of our contracts generally require that we pass these cost savings through to our customers. In addition, we may encounter supplier constraints, be unable to maintain favorable supplier arrangements and relations or be affected by disruptions in the supply chain caused by events such as natural disasters, pandemics, shipping delays, power outages and labor strikes. Additionally, our supply chain has become more global in nature and, thus, more complex from a shipping and logistics perspective. In the event of limitations on availability of raw materials or significant changes in the cost of raw materials, particularly steel, our margins and profitability could be negatively impacted. We rely on unionized labor, the loss of which could adversely affect our future success. We depend on the services of unionized labor and have collective bargaining agreements with certain of our operations workforce at our Cicero, Illinois and Neville Island, Pennsylvania Gearing facilities. The loss of the services of these and other personnel, whether through terminations, attrition, labor strike or otherwise, or a material change in our collective bargaining agreements, including a significant increase in labor costs, could have a material adverse impact on us and our future profitability. In November 2022, a four- year collective bargaining agreement was ratified by the collective bargaining union in our Neville Island facility and will remain in effect through October 2026. A four- year collective bargaining agreement in regard to the Cicero, Illinois facility was negotiated in February 2022, and is expected to remain in effect through February 2026. Any failure to negotiate and conclude a new collective bargaining agreement with a union when the applicable agreement expires could result in strikes, boycotts, or other labor disruptions. As of December 31, ~~2023~~ **2024**, these collective bargaining units represented approximately 18 % of our workforce. Our ability to hire and retain qualified personnel at competitive cost could adversely affect our business. Many of the products we sell, and related services that we provide require that we have skilled labor in our manufacturing facilities. The availability of labor in the markets in which we operate has declined in recent years and competition for such labor has increased, especially under ~~the economic crises experienced throughout and following the COVID-19 pandemic and~~ current inflationary pressures. A significant increase in wages paid by competitors, both within and outside the energy industry, for such work force could result in insufficient availability of workers or increase our labor costs, or both. In the event prevailing wage rates continue to increase in the markets in which we operate, we may be required to concurrently increase the wages paid to our employees to maintain the quality of our workforce and customer service. If the supply of skilled labor is constrained or our costs of attracting and maintaining a workforce increase, our profit margins could decrease, and our growth potential and brand image could be impaired. If our estimates for warranty expenses differ materially from actual claims made, or if we are unable to reasonably estimate future warranty expense for our products, our business and financial results could be adversely affected. We provide warranty terms generally ranging between one and five years to our customers depending upon the specific product and terms of the customer agreement. We reserve for warranty claims based on prior experience and estimates made by management based upon a percentage of our sales revenues related to such products. From time to time, customers have submitted warranty claims to us. However, we have a limited history on which to base our warranty estimates for certain of our manufactured products. Our assumptions could materially differ from the actual performance of our products in the future and could exceed the levels against which we have reserved. In some instances, our customers have interpreted the scope and coverage of certain of our warranty provisions differently from our interpretation of such provisions. The expenses associated with remediation activities in the wind energy industry can be substantial, and if we are required to pay such costs in connection with a customer’s warranty claim, we could be subject to additional unplanned cash expenditures. If our estimates prove materially incorrect, or if we are required to cover remediation expenses in addition to our regular warranty coverage, we could be required to incur additional expenses and could face a material unplanned cash expenditure, which could adversely affect our business, financial condition and results of operations. Market disruptions and volatility may result in an increased likelihood of our customers asserting warranty or remediation claims in connection with our products that they would not ordinarily assert in a more stable economic environment. In the event of such a claim, we may incur costs if we decide to compensate the affected customer or to engage in litigation with the affected customer regarding the claim. We maintain product liability insurance, but there can be no guarantee that such insurance will be available or adequate to protect against such claims. A successful claim against us could have a material adverse effect on our business. **Cybersecurity incidents could disrupt our business and result in the compromise of confidential information and changes in information security and privacy laws, regulations, policies and contractual obligations could adversely affect our business.** Our business is at risk from and may be impacted by information security incidents, including attempts to gain unauthorized access to our confidential data and data systems, ransomware, malware, business email compromise, phishing attacks, and other

electronic security events, **which are increasing in frequency and sophistication**. Such incidents can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. They can also result from internal compromises, such as human error, or malicious acts. While we seek to employ measures to prevent, detect, and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber event. Cybersecurity incidents could disrupt our business and compromise confidential information belonging to us and third parties. **Certain of our suppliers and third parties we transact business with may receive information provided by us or by our customers and may also be at risk and impacted by cybersecurity incidents. If these third parties fail to adhere to adequate data security practices, or in the event of a breach of their networks, our own and our customers' data may be improperly accessed, used or disclosed. Further, these third parties may incorporate generative artificial intelligence into their operations, and these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection. Additionally, the legal and regulatory environment surrounding information security and privacy in the U. S. and international jurisdictions is constantly evolving. Violation or non-compliance with any of these laws or regulations could have a material adverse effect on our business, reputation and financial conditions, as well as subject us to significant fines, third party damages and other liability. See Item 1C of this Form 10-K, "Cybersecurity," for more information on our cybersecurity risk management and governance.**

Recent increases in inflation and interest rates in the United States and elsewhere could adversely affect our business. We are exposed to fluctuations in inflation and interest rates, which could negatively affect our business, financial condition and results of operations. The United States and other jurisdictions have recently experienced high levels of inflation. If the inflation rate continues to increase, it will likely **continue to** affect our expenses, including, but not limited to, employee compensation and labor expenses and increased costs for supplies, and we may not be successful in offsetting such cost increases. In addition, historically we have carried a significant amount of variable rate debt which is subject to fluctuations in interest rates. Certain government agencies, including the U. S. Treasury, have previously implemented and may implement policies that have resulted and may continue to result in significantly increased interest rates and borrowing costs. Recent increases in interest rates will result in increased interest expense to the extent we cannot limit our debt balances. **A severe or prolonged economic downturn, whether due to inflationary pressures, increased interest rates, or otherwise, could result in a variety of risks to our business, including weakened demand for our products.**

RISKS RELATED TO OUR INDUSTRIES Our financial and operating performance is subject to certain factors out of our control, including the state of the wind energy market in North America. Our results of operations (like those of our customers) are subject to general economic conditions, and specifically to the state of the wind energy market. In addition to the state and federal government policies supporting renewable energy described below, the growth and development of the larger wind energy market in North America is subject to a number of factors, including, among other things: • the availability and cost of financing for the estimated pipeline of wind energy development projects; • the cost of electricity, which may be affected by a number of factors, including government regulation, power transmission, seasonality, fluctuations in demand, and the cost and availability of fuel, particularly natural gas; • the cost of raw materials used to make wind turbines, particularly steel; • the general increase in demand for electricity or "load growth;" • the costs of competing power sources, including natural gas, nuclear power, solar power and other power sources; • the development of new power generating technology, advances in existing technology or discovery of power generating natural resources; • the development of electrical transmission infrastructure; • state and federal laws and regulations regarding avian protection plans and noise or turbine setback requirements; • other state and federal laws and regulations, particularly those favoring low carbon energy generation alternatives; • administrative and legal challenges to proposed wind energy development projects; • the effects of global climate change such as more frequent or more extreme weather events, changes in temperature and precipitation patterns, changes to ground and surface water and other related phenomena; • the improvement in efficiency and cost of wind energy, as influenced by advances in turbine design and operating efficiencies; and • public perception and localized community responses to wind energy projects. Consolidation among wind turbine manufacturers could increase our customer concentration and / or disrupt our supply chain relationships. Wind turbine manufacturers are among our primary customers. There has been consolidation among these manufacturers, and more consolidation may occur in the future. ~~For example, both Siemens Energy, Inc. and Gamesa Wind US, LLC, were customers for our tower business until early 2017, at which time they merged into SGRE.~~ Customer consolidation may result in pricing pressures, leading to downward pressure on our margins and profits, and may also disrupt our supply chain relationships. We face competition from industry participants who may have greater resources than we do. Our businesses are subject to risks associated with competition from new or existing industry participants who may have more resources and better access to capital. Certain of our competitors and potential competitors may have substantially greater financial resources, customer support, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition and more established relationships in the industry than we do. Among other things, these industry participants compete with us based upon price, quality, location and available capacity. We cannot be sure that we will have the resources or expertise to compete successfully in the future. We also cannot be sure that we will be able to match cost reductions by our competitors or that we will be able to succeed in the face of current or future competition.

RISKS RELATED TO OUR CORPORATE STRATEGY Our plans for growth and diversification may not be successful, and could result in poor financial performance. We continue to seek to strategically diversify and grow the business to improve operational efficiency and meet customer demand. Our diversification efforts into ~~the~~ natural gas turbine power generation **(also known as aeroderivatives), defense, mining, precision machining**, O & G, ~~mining~~ and other ~~industries~~ **power generation markets** may require additional investments in personnel, equipment and operational infrastructure. Moreover, although we have historically participated in most of these lines of business, there is no assurance that we will be able to grow our presence in these markets at a rate sufficient to compensate for a potentially weaker wind energy market. If we are unable to further penetrate these markets, our plans to diversify our

operations may not be successful and our anticipated future growth may be adversely affected. Our growth efforts through increased production levels at existing facilities, acquisitions and continuous improvement activities such as the proper coordination and integration of the supply chain, the consistent use of systems with respect to production activities, the Advanced Product Quality Processes (APQP) to support the introduction of new products, and the hiring of continuous improvement experts to optimize our production processes, will require coordinated efforts across the Company and continued enhancements to our current operating infrastructure. If the cost of making these changes increases or if our efforts are unsuccessful, the Company may not realize anticipated benefits and our future earnings may be adversely affected. Our diversification outside of the wind energy market exposes us to business risks associated with the gas turbine, O & G, and mining industries, among others, which may slow our growth or penetration in these markets. Although we have experience in the gas turbine, O & G and mining industry markets, these markets have not historically been our primary focus. In further diversifying our business to serve these markets, we face competitors who may have more resources, longer operating histories and more well-established relationships than we do, and we may not be able to successfully or profitably generate additional business opportunities in these industries. Moreover, if we are able to successfully diversify into these markets, our businesses may be exposed to risks associated with these industries, which could adversely affect our future earnings and growth. These risks include, among other things: • Variability in the prices and relative demand for oil, gas, minerals and other commodities; • **The cyclical nature of certain markets (i. e., the O & G market);** • Changes in domestic and global political and economic conditions affecting the O & G and mining industries; • Changes in technology; • Changes in the price and availability of alternative fuels and energy sources and changes in energy consumption or supply; and • Changes in federal, state and local regulations, including, among other regulations, relating to hydraulic fracturing and greenhouse gas emissions. If our projections regarding the future market demand for our products are inaccurate, our operating results and our overall business may be adversely affected. We have previously made significant capital investments in anticipation of rapid growth in the U. S. wind energy market. However, the growth in the U. S. wind energy market has not kept pace with our expectations when some of these capital investments were made, and there can be no assurance that the U. S. wind energy market will grow and develop in a manner consistent with our expectations, or that we will be able to fill our capacity through the further diversification of our operations. Our internal manufacturing capabilities have required significant upfront capital costs. If market demand for our products does not increase at the pace we have anticipated and align with our manufacturing capacity, we may be unable to offset these costs and achieve economies of scale, and our operating results may continue to be adversely affected by high fixed costs, reduced margins and underutilization of capacity which may prevent us from achieving or maintaining profitability. In light of these considerations, we may be forced to reduce our labor force and production to minimum levels, as was done at certain operating locations in the past, temporarily idle existing capacity or sell to third parties manufacturing capacity that we cannot utilize in the near term, in addition to the steps that we have already taken to adjust our capacity more closely to demand. Alternatively, if we experience rapid increased demand for our products in excess of our estimates, or we reduce our manufacturing capacity, our installed capital equipment and existing workforce may be insufficient to support higher production volumes, which could adversely affect our customer relationships and overall reputation. In addition, we may not be able to expand our workforce and operations in a timely manner, procure adequate resources or locate suitable third-party suppliers to respond effectively to changes in demand for our existing products or to the demand for new products requested by our customers, and our business could be adversely affected. Our ability to meet such excess customer demand could also depend on our ability to raise additional capital and effectively scale our manufacturing operations. Additionally, most of our customers do not commit to long-term contracts or firm production schedules, and accordingly, we frequently experience volatile lead-times in customer orders. Additionally, customers may change production quantities or delay production with little advance notice. Therefore, we rely on and plan our production and inventory levels based on our customers' advance orders, commitments and / or forecasts, as well as our internal assessments and forecasts of customer demand. The variations in volume and timing of sales make it difficult to schedule production and optimize utilization of manufacturing capacity. This uncertainty may require us to increase staffing and incur other expenses in order to meet an unexpected increase in customer demand, potentially placing a significant burden on our resources. An inability to respond to such changes in a timely manner may also cause customer dissatisfaction, which may negatively affect our customer relationships. Our growth strategies could be ineffective due to the risks of acquisitions and risks relating to integration. Our growth strategy includes acquiring complementary businesses. In regards to any other future acquisitions, we could fail to identify, finance or complete suitable acquisitions on acceptable terms and prices, particularly with interest rates at comparatively high levels. Acquisitions and the related integration processes could increase a number of risks, including diversion of operations personnel, financial personnel and management's attention, difficulties in integrating systems and operations, potential loss of key employees and customers of the acquired companies and exposure to unanticipated liabilities. The price we pay for a business may exceed the value realized and we cannot provide any assurance that we will realize the expected synergies and benefits of any acquisitions. Our discovery of, or failure to discover, material issues during due diligence investigations of acquisition targets, either before closing with regard to potential risks of the acquired operations, or after closing with regard to the timely discovery of breaches of representations or warranties or covenants, could materially harm our business. Our failure to meet the challenges involved in integrating a new business to realize the anticipated benefits of an acquisition could cause an interruption or loss of momentum in our existing activities and could adversely affect our profitability. Acquisitions also may result in the recording of goodwill and other intangible assets which are subject to potential impairments in the future that could diminish our reported earnings and operating results. We are subject to risks associated with proxy contests and other actions of activist stockholders. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as governance changes, financial restructurings, increased borrowings, special dividends, stock repurchases or even sales of assets or entire companies to third parties or the activists themselves. **In** We received a notice dated January 18, 2023 from, WM Argyle Fund, LLC (" WM

Argyle”) **submitted a notice to**, which allegedly owned approximately 1.0% of the **Board** Company’s outstanding shares at the time of submission, **Directors (the “Board”)** purporting to nominate a slate of six candidates for election as directors at our 2023 Annual Meeting of Stockholders. We did not reach an agreement with WM Argyle in connection with its nomination, and there was a contested election at the Company’s 2023 Annual Meeting of Stockholders, in which none of WM Argyle’s candidates were elected as directors. The cumulative cost to the Company of responding to the proxy contest was approximately \$ 1.8 million. We value input from all stockholders and remain open to ongoing engagement with our stockholders. A proxy contest or related activities on the part of activist stockholders could adversely affect our business for a number of reasons, including, without limitation, the following:

- Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming, disrupting our operations and diverting the attention of our Board of Directors (the “Board”), management and our employees;
- Perceived uncertainties as to our future direction may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel, business partners, customers and others important to our success, any of which could negatively affect our business and our results of operations and financial condition;
- Action by activist stockholders may be exploited by our competitors, cause concern to our current or potential customers and make it more difficult to attract and retain qualified personnel;
- A successful proxy contest could result in a change in control of our Board, and such an event could subject us to certain contractual obligations under several **material key** agreements, including our existing Amended and Restated 2015 Equity Incentive Plan (as amended, the “2015 EIP”), and underlying award agreements and certain employment **and lease** agreements;
- If nominees advanced by activist stockholders are elected or appointed to our Board with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans or to realize long-term value from our assets, and this could in turn have an adverse effect on our business and on our results of operations and financial condition; and
- Proxy contests may cause our stock price to experience periods of volatility.

FINANCIAL RISKS We have ~~substantially~~ generated **substantial** net losses since our inception. **We Historically, we have had several years in which we** have experienced operating losses ~~since inception, except that we were profitable in 2016, 2021, and 2023~~. We have incurred significant costs in connection with the development of our businesses, and because we have operated at low-capacity utilization in certain facilities, there is no assurance that we will generate sufficient revenues to offset anticipated operating costs. Although we anticipate deriving revenues from the sale of our products, no assurance can be given that these products can be sold on a profitable basis. We cannot give any assurance that we will be able to sustain or increase profitability on a quarterly or annual basis in the future. We may continue to incur significant losses in the future for a number of reasons, including other risks described in this Annual Report on Form 10-K, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors. We have significant indebtedness and we may incur additional debt in the future. Servicing our indebtedness requires a significant amount of cash, and the terms of our current indebtedness, and the terms of any future indebtedness, may restrict the activities of the Company. We have significant indebtedness, including the indebtedness under the 2022 Credit Facility (as defined and further discussed in Note 10 “Debt and Credit Agreements” of our consolidated financial statements). Our debt obligations could potentially have important consequences to us and our investors, including: (1) requiring a substantial portion of our cash flows from operations to make debt service payments or to refinance our indebtedness as it becomes due, making it more difficult for us to satisfy our other priorities and obligations; (2) resulting in higher interest expenses, (3) increasing our vulnerability to general adverse economic and industry conditions; (4) reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business; (5) limiting our flexibility in pursuing strategic opportunities or planning for, or reacting to, changes in our business and the industry; (6) placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged; and (7) limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive, regulatory factors, and factors beyond our control. Our cash flow from operations in the future may be insufficient to service our indebtedness, including if our actual cash requirements in the future are greater than expected. If we are unable to generate the necessary cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, incurring new debt or issuing additional equity on terms that may be unfavorable, onerous or highly dilutive. Our ability to refinance our indebtedness or incur new debt will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. As described in Note 10 “Debt and Credit Agreements” of our consolidated financial statements, the agreements governing our indebtedness contain covenants restricting our operations and limiting our financial flexibility. In addition, some of the agreements governing our indebtedness require that we maintain minimum EBITDA requirements, not exceed a maximum fixed charge coverage ratio and contain certain customary events of default. Our ability to comply with such restrictions and covenants may be affected by various factors, some of which factors may be beyond our control. If we breach any of these restrictions or covenants and do not obtain a waiver from the lenders or holders, as applicable, then, subject to the applicable cure periods and conditions, any outstanding indebtedness could be declared immediately due and payable. Our PPP Loans were forgiven, but we may still be subject to audit and any resulting adverse audit ~~findings~~ **financings findings** of non-compliance could result in the repayment of a portion or all of the PPP Loans and may restrict our flexibility in operating our business or otherwise adversely affect our results of operations. On April 15, 2020, we received funds under notes and related documents (“PPP Loans”) with CIBC Bank, USA under the Paycheck Protection Program (the “PPP”), which was established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), as amended by the Paycheck Protection Program Flexibility Act of 2020 in response to the COVID-19 pandemic and is administered by the U. S. Small Business Administration (the “SBA”). We received total proceeds of \$ 9,530 from the PPP Loans and made repayments of \$ 379 on May 13, 2020. We used at least 60% of our PPP Loan proceeds to pay for payroll costs and the balance on other eligible qualifying expenses that

we believe to be consistent with the PPP. During the second quarter of 2021, all of our PPP Loans were forgiven by the SBA. However, the U. S. Department of the Treasury has announced that it will conduct audits for PPP Loans that exceed \$ 2, 000 for a period of six years after forgiveness. Should we be audited or reviewed by the U. S. Department of the Treasury or the SBA, such audit or review could result in the diversion of management’ s time and attention and cause us to incur significant costs. If we were to be audited and receive an adverse outcome in such an audit, we could be required to return the full amount of the PPP Loans and may potentially be subject to civil and criminal fines and penalties. If it is subsequently determined that the PPP Loans must be repaid, we may be required to use a substantial portion of our available cash and / or cash flows from operations to pay interest and principal on the PPP Loans, and any future repayment of such loans, would adversely impact our operations and financial results.

RISKS RELATED TO OWNING OUR COMMON STOCK There is a limited trading market for our securities and the market price of our securities is subject to volatility. Our common stock trades on the Nasdaq Capital Market. Historically, we have not had an active trading market for our common stock. The absence of an active trading market increases price volatility and reduces the liquidity of our common stock. The market price and level of trading of our common stock could be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include, among other things, our limited trading volume, actual or anticipated variations in our operating results and cash flow, the nature and content of our earnings releases, announcements or events that impact our business and the general state of the securities market, as well as general economic, political and market conditions and other factors that may affect our future results. In ~~2023~~ **2024**, the closing price of our common stock varied from a high of \$ ~~54.92-42~~ per share to a low of \$ ~~1.77-55~~ per share. Stockholders may have incurred substantial losses with regard to any investment in our common stock adversely affecting stockholder confidence. Limitations on our ability to utilize our NOLs may negatively affect our financial results. We may not be able to utilize all of our NOLs. For financial statement presentation, all benefits associated with the NOL carryforwards have been reserved; therefore, this potential asset is not reflected on our balance sheet. To the extent available, we will use any NOL carryforwards to reduce the U. S. corporate income tax liability associated with our operations. However, if we do not achieve sufficient profitability prior to their expiration, we will not be able to fully utilize our NOLs to offset income. Section 382 of the IRC (“ Section 382 ”) generally imposes an annual limitation on the amount of NOL carryforwards that may be used to offset taxable income when a corporation has undergone certain changes in stock ownership. Our ability to utilize NOL carryforwards and built- in losses may be limited, under Section 382 or otherwise, by our issuance of common stock or by other changes in ownership of our stock. After analyzing Section 382 in 2010, we determined that aggregate changes in our stock ownership had triggered an annual limitation of NOL carryforwards and built- in losses available for utilization to \$ 14, 284 per annum. Although this event limited the amount of pre ownership change date NOLs and built- in losses we can utilize annually, it does not preclude us from fully utilizing our current NOL carryforwards prior to their expiration. However, subsequent changes in our stock ownership could further limit our ability to use our NOL carryforwards and our income could be subject to taxation earlier than it would if we were able to use NOL carryforwards and built- in losses without an annual limitation, which could result in lower profits. To address these concerns, in February 2013 we adopted a Section 382 Stockholder Rights Plan, which was subsequently approved by our stockholders and extended in 2016, 2019, and 2022 for additional three- year periods (as amended, the “ Rights Plan ”), designed to preserve our substantial tax assets associated with NOL carryforwards under Section 382. The Rights Plan is intended to deter any person or group from being or becoming the beneficial owner of 4. 9 % or more of our common stock and thereby triggering a further limitation of our available NOL carryforwards. **On February 3, 2025, the Board approved an amendment which included an extension of the Rights Plan for an additional three years. The amendment is subject to approval by our stockholders at our 2025 Annual Meeting of Stockholders.** See Note 14, “ Income Taxes ” of our consolidated financial statements for further discussion of our Rights Plan. There can be no assurance that the Rights Plan will be effective in protecting our NOL carryforwards **or that it will be approved by our stockholders at our 2025 Annual Meeting of Stockholders**. Additionally, because the Rights Plan subjects any person that acquires 4. 9 % of our common stock without the Board’ s permission to significant dilution, it could make it harder for a third party to acquire us without the consent of the Board. In particular, the Rights Plan may deter a third party from completing or even initiating an acquisition of the Company, which may prevent stockholders from realizing a control premium from a potential acquirer, or from otherwise maximizing stockholder value.

INTELLECTUAL PROPERTY RISKS Any failure to protect our customers’ intellectual property that we use in the products we manufacture for them could harm our customer relationships and subject us to liability. The products we manufacture for our customers often contain our customers’ intellectual property, including copyrights, patents, trade secrets and know- how. Our success depends, in part, on our ability to protect our customers’ intellectual property. The steps we take to protect our customers’ intellectual property may not adequately prevent its disclosure or misappropriation. If we fail to protect our customers’ intellectual property, our customer relationships could be harmed and we may experience difficulty in establishing new customer relationships. Additionally, our customers might pursue legal claims against us for any failure to protect their intellectual property, possibly resulting in harm to our reputation and our business, financial condition and operating results. We may not be able to protect important intellectual property and we could incur substantial costs defending against claims that our products infringe on the proprietary rights of others. Our ability to compete effectively will depend, in part, on our ability to protect our proprietary system level technologies, systems designs and manufacturing processes. While we have attempted to safeguard and maintain our proprietary rights, we do not know whether we have been or will be successful in doing so. Further, our competitors may independently develop or patent technologies or processes that are substantially equivalent or superior to ours. If we are found to be infringing third- party patents, we could be required to pay substantial royalties and / or damages, and we do not know whether we will be able to obtain licenses to use such patents on acceptable terms, if at all. Failure to obtain needed licenses could delay or prevent the development, manufacture or sale of our products, and could necessitate the expenditure of significant resources to develop or acquire non infringing intellectual property. We may need to pursue lawsuits or legal action in the future to enforce our intellectual property rights and

to determine the validity and scope of the proprietary rights of others. Litigation and other proceedings, even if they are successful, are expensive to pursue and time consuming, and we could use a substantial amount of our management and financial resources in either case. Confidentiality agreements to which we are party may be breached, and we may not have adequate remedies for any breach. Our trade secrets may also be known without breach of such agreements or may be independently developed by competitors. Our inability to maintain the proprietary nature of our technology and processes could allow our competitors to limit or eliminate any competitive advantages we may have.

LEGAL, TAX, REGULATORY AND COMPLIANCE RISKS The U. S. wind energy industry is significantly impacted by tax and other economic incentives. A significant change in these incentives could significantly impact our results of operations and growth. We sell towers to wind turbine manufacturers who supply wind energy generation facilities. The U. S. wind energy industry is significantly impacted by federal tax incentives and state Renewable Portfolio Standards (“RPSs”). Despite recent reductions in the cost of wind energy, due to variability in wind quality and consistency, and other regional differences, wind energy may not be economically viable in certain parts of the country absent such incentives. These programs have provided material incentives to develop wind energy generation facilities and thereby impact the demand for our products. The increased demand for our products that generally results from the credits and incentives could be impacted by the expiration or curtailment of these programs. One such federal government program, the PTC, provides a supplemental payment based on electricity produced from each qualifying wind turbine. Legislative support for the PTC has been intermittent since its introduction in 1992, which has caused volatility in the demand for new wind energy projects. In 2015, the PTC was extended for a five- year period, with a time- based phase- out depending on the year the wind project is commenced. The phase- out schedule legislated in 2015 provided for: 100 % extension of the credit for projects commenced before the end of 2016, 80 % extension of the credit for projects commenced in 2017, 60 % extension of the credit for projects commenced in 2018 and 40 % extension of the credit for projects commenced in 2019. As part of a year- end tax extenders bill in 2019, the PTC was extended for an additional year, allowing for a 60 % extension of the credit for projects commenced before the end of 2020. On December 27, 2020, COVID IV was signed into law. As part of COVID IV, the PTC was extended for an additional year, allowing for a 60 % credit for projects that start construction by the end of 2021. In order to benefit from the PTC, qualifying projects must either be completed within four years from their start of construction, or the developer must demonstrate that its projects are in continuous construction between start of construction and completion. As a result of COVID IV, the PTC will subsidize wind projects commenced as late as 2021 and completed by 2025, or later if continuous construction can be demonstrated. The PTC tax benefits are available for the first ten years of operation of a wind energy facility, and also applies to significant redevelopment of existing wind energy facilities. Included in COVID IV is the addition of a new 30 % ITC created for offshore wind projects that start construction by the end of 2025. The provision will be retroactively applied to projects that started production in 2016. On August 16, 2022, the IRA was enacted to reduce inflation and promote clean energy in the United States. The IRA modifies and extends the PTC until the later of 2032 or when greenhouse gas emissions have been reduced by 75 % compared to 2022. It provides for tax credits up to a maximum of 30 %, adjusted for inflation annually, for electricity generated from qualified renewable energy sources where taxpayers meet prevailing wage standards and employ a sufficient proportion of qualified apprentices from registered apprenticeship programs. It also provides a bonus credit for qualifying clean energy production in energy communities. The IRA also includes AMP credits for manufacturers of eligible components, including wind and solar components. Manufacturers qualify for the AMP credits based on the electricity output for each component produced and sold in the US starting in 2023 through 2032. The credit amount varies based on the eligible component, which includes solar components, wind energy components, inverters, qualifying battery components, and critical minerals. Tower manufacturers are eligible for credits of \$ 0. 03 per watt for applicable components produced. Manufacturers can elect a direct pay option where they can receive a payment equal to the full value of the tax credits from the Internal Revenue Service anytime during the ten- year period. That election lasts for five years, after which the AMP credits can be used against tax obligations or transferred to third parties in exchange for cash. We expect certain financial benefits as a result of tax incentives provided by the IRA. If these expected financial benefits vary significantly from our assumptions, our business, financial condition, and results of operations could be adversely affected. Any modifications to the law or its effects arising, for example, through (i) technical guidance and regulations from the IRS and U. S. Treasury Department, (ii) subsequent amendments to or interpretations of the law, and / or (iii) future laws or regulations rendering certain provisions of the IRA less effective or ineffective, in whole or in part, could result in material adverse changes to the benefits we have recognized and expect to recognize.

Several significant administrative law cases were decided by the U. S. Supreme Court in 2024, most notably *Loper Bright Enterprises V. Raimondo*. In *Loper Bright*, the U. S. Supreme Court held that the U. S. Administrative Procedure Act requires that courts exercise their independent judgment when deciding whether a federal agency has acted within its statutory authority, and not to defer to an agency interpretation solely because a statute is ambiguous. These decisions may result in additional legal challenges to regulations and guidance issued by federal regulatory agencies, including the IRS, which the Company relies on and intends to rely on in the future. Successful challenges of certain regulations, any increased regulatory uncertainty, or delays or other impacts to the federal agency rulemaking process could adversely impact our business and operations.

RPSs generally require or encourage state regulated electric utilities to supply a certain proportion of electricity from renewable energy sources or to devote a certain portion of their plant capacity to renewable energy generation. Typically, utilities comply with such standards by qualifying for renewable energy credits evidencing the share of electricity that was produced from renewable sources. Under many state standards, these renewable energy credits can be unbundled from their associated energy and traded in a market system, allowing generators with insufficient credits to meet their applicable state mandate. These standards have spurred significant growth in the wind energy industry and a corresponding increase in the demand for our products. Currently, the majority of states have RPSs in place and certain states have voluntary utility commitments to supply a specific percentage of their electricity from renewable sources. The enactment of RPSs in additional states or any changes to existing RPSs (including

changes due to the failure to extend or renew the federal incentives described above), or the enactment of a federal RPS or imposition of other greenhouse gas regulations, may impact the demand for our products. We cannot assure that government support for renewable energy will continue including any assurance regarding the adoption of any of the clean energy provisions of **former** President Biden's Build Back Better agenda. The elimination of, or reduction in, state or federal government policies that support renewable energy could have a material adverse impact on our business, results of operations, financial performance and future development efforts. Changes to trade regulation, quotas, duties or tariffs, and sanctions caused by changing U. S. and geopolitical policies, may impact our competitive position or adversely impact our margins. **Tariffs have resulted in increased prices, including with Renewed surges of unfairly traded imports continue to threaten our business segments. If existing antidumping and countervailing duty orders were removed or revoked we would respect-expect to certain a renewed surge of unfairly traded imports. While future trade actions on inputs such as steel may products, and could adversely affect our pricing consolidated results of operations, the continued presence of unfairly financial position and cash flows. These tariffs, along with any additional tariffs or trade-traded restrictions that may be implemented by the U. S. or other countries, could result in further increased prices and a decreased available supply of steel and other imported imports in the market components and inputs. We may not be able hamper our ability to pass those price increases along on to our customers and may not be able to secure adequate alternative sources of steel on a timely basis. The Additionally, the existence of government subsidies available to our competitors in certain countries may affect our ability to compete on a price basis. Imports from China and Vietnam have declined following a determination by the U. S. International Trade Commission ("USITC") in 2013 that wind towers from those countries were being sold in the U. S. at less than fair value. As a result of the determination, the U. S. Department of Commerce ("USDOC") issued antidumping and countervailing duty orders on imports of wind towers from China and an antidumping duty order on imports of towers from Vietnam. In May 2018, the U. S. Court of Appeals affirmed the decision from the U. S. Court of International Trade and at the same time excluded CS Wind Vietnam from the antidumping order. In April 2019, the USDOC extended the term of these duties for an additional five-year period. Following a renewed surge of tower imports from countries not impacted by existing tariffs, in July 2020, the USDOC issued antidumping and countervailing duty orders on imports of wind towers from Canada, Indonesia, and Vietnam and an antidumping order on imports of towers from Korea. The Indonesia countervailing duty order was later revoked after an appeal to the U. S. Court of International Trade ("CIT"). Then in September 2020, a new trade case was brought before the USDOC and USITC, to assess whether wind towers imported from India, Malaysia, and Spain were being sold in the U. S. at less than fair value. The USDOC and USITC issued affirmative final determinations in all three antidumping (India, Malaysia, and Spain) and two countervailing duty cases (India and Malaysia). The USDOC imposed orders for two cases in August 2021 and the remainder in December 2021. Appeals of several of the USDOC determinations are currently pending at the CIT and the CAFC. Additionally, the war in Ukraine has led to economic sanctions imposed against Russia by the U. S. and certain European nations, including a prohibition on doing business with certain Russian companies which may have led to, or may lead to, certain retaliatory trade restrictions from Russia. Such sanctions may impact companies in many sectors and could has lead to volatility of prices in the global energy industry and disruption and volatility in the U. S. and global markets. There is a possibility that such sanctions or trade restrictions may be expanded, or new sanctions or trade restrictions may be imposed by the U. S., Russia, China or other countries, which could further disrupt supply chains and increase volatility of pricing.** The extent and duration of the war and extent and strength of the sanctions are still developing, and the corresponding effect on the Company remains uncertain. Certain other geopolitical conflicts, including the war between Israel and Hamas **may has** also lead to material disruptions to certain supply chains and volatility in prices. We could incur substantial costs to comply with environmental, health and safety ("EHS") laws and regulations and to address violations of or liabilities under these requirements. Our operations are subject to a variety of EHS laws and regulations in the jurisdictions in which we operate and sell products governing, among other things, health, safety, pollution and protection of the environment and natural resources, including the use, handling, transportation and disposal of non-hazardous and hazardous materials and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water, groundwater and soil, product content, performance and packaging. We cannot guarantee that we have been, or will at all times be in compliance with such laws and regulations. Changes in existing EHS laws and regulations, or their application, could cause us to incur additional or unexpected costs to achieve or maintain compliance. Failure to comply with these laws and regulations, obtain the necessary permits to operate our business, or comply with the terms and conditions of such permits may subject us to a variety of administrative, civil and criminal enforcement measures, including the imposition of civil and criminal sanctions, monetary fines and penalties, remedial obligations, and the issuance of compliance requirements limiting or preventing some or all of our operations. The assertion of claims relating to regulatory compliance, on or off-site contamination, natural resource damage, the discovery of previously unknown environmental liabilities, the imposition of criminal or civil fines or penalties and / or other sanctions, or the obligation to undertake investigation, remediation or monitoring activities could result in potentially significant costs and expenditures to address contamination or resolve claims or liabilities. Such costs and expenditures could have a material adverse effect on our business, financial condition or results of operations. Under certain circumstances, violation of such EHS laws and regulations could result in us being disqualified from eligibility to receive federal government contracts or subcontracts under the federal government's debarment and suspension system. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, such liabilities can be imposed for cleanup of currently and formerly owned, leased or operated properties, or properties to which hazardous substances or wastes were sent by current or former operators at our current or former facilities, regardless of whether we directly caused the contamination or violated any law at the time of discharge or disposal. Several of our facilities have a history of industrial operations, and contaminants have been detected at some of our facilities. The presence of contamination from hazardous substances or wastes could interfere with ongoing

operations or adversely affect our ability to sell, lease or use our properties as collateral for financing. We also could be held liable under third- party claims for property damage, natural resource damage or personal injury and for penalties and other damages under such environmental laws and regulations, which could have a material adverse effect on our business, financial condition and results of operations. During ~~2023~~ 2024, we did not incur significant remediation costs or penalties related to environmental matters. Our ability to comply with regulatory requirements and potential environmental, social and governance (“ ESG ”) regulations and trends is critical to our future success, and there can be no guarantee that our businesses are in full compliance with all such requirements. As a manufacturer and distributor of wind and other energy industry products we are subject to the requirements of federal, state, local and foreign regulatory authorities. In addition, we are subject to a number of authorities setting industry standards, such as the American Gear Manufacturers Association and the American Welding Society. Changes in the standards and requirements imposed by such authorities could have a material adverse effect on us. In the event we are unable to meet any such standards when adopted, our businesses could be adversely affected. We may not be able to obtain all regulatory approvals, licenses and permits that may be required in the future, or any necessary modifications to existing regulatory approvals, licenses and permits, or maintain all required regulatory approvals, licenses and permits. There can be no guarantee that our businesses are fully compliant with such standards and requirements. Additionally, other ESG-related laws, regulations, treaties, and similar initiatives and programs are being proposed, adopted and implemented throughout the world. If we were to violate or become liable under environmental or certain ESG- related laws or if our products become non- compliant with such laws or market access requirements, our customers may refuse to purchase our products, and we could incur costs or face other sanctions, such as restrictions on our products entering certain jurisdictions, fines, and / or civil or criminal sanctions. In addition to potential implementation of ESG laws, investor advocacy groups, certain institutional investors, investment funds, other market participants, political figures, stockholders, and customers have focused increasingly on the ESG practices of companies, including those associated with climate change. If our ESG practices do not meet investor or other industry stakeholder expectations and standards, which continue to evolve, our brand, reputation and employee retention may be negatively impacted based on an assessment of our ESG practices.