**Risk Factors Comparison 2024-03-07 to 2023-03-14 Form: 10-K**

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

In addition to the other information contained in this Annual Report on Form 10- K, the risk factors discussed herein should be considered carefully in evaluating the Company. Any of these factors could result in a significant or material adverse effect on our business, results of operations and financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business results of operations and financial condition. Risks Related to the Company' s Business and Industry Effective management of our rental equipment is vital to our business, and an inability to obtain raw materials, component parts and / or finished goods in a timely and cost- effective manner would adversely affect our ability to manufacture and market our products. Our rental equipment has a long economic life, and managing this equipment is a critical element of our business. We must successfully maintain and repair our equipment in a cost- effective manner to maximize the economic life of our products and the ~~level~~ **levelof** ~~of~~ proceeds from the sale of such products. As the needs of our customers change, we may need to incur costs to relocate or remanufacture our assets to better meet shifts in demand. If the distribution of our assets is not aligned with regional demand, we may be unable to take advantage of opportunities despite excess inventory in other regions. If we are not able to successfully manage our assets, our business, results of operations and financial condition may be materially adversely affected. We purchase raw materials, component parts and finished goods to be used in the manufacturing, sale and rental of our products. In addition, we may incorporate vehicle chassis provided directly by our customers in our production process. Although the vast majority of our raw materials and component parts are sourced domestically, certain of our suppliers are based in other countries, and certain of our domestic suppliers may source subcomponents from suppliers based in other countries. Uncertainty remains regarding supply chain disruptions, inflationary pressure, public health crises, and geopolitical risks that have led to issues, broadly, in the supply chain. Changes in our relationships with suppliers, shortages in availability of materials, production delays, regulatory restrictions, public health crises, armed conflicts or political instability or other supply chain disruptions, whether due to our suppliers or customers, could have a material adverse effect on our ability to timely manufacture and market products. Increases in the costs of shipping and transportation, purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or our inability to market products. The unprecedented nature of the supply chain disruptions continues to make it difficult to predict our future business and financial performance. In addition, our profit margins would decrease if prices of purchased raw materials, component parts or finished goods increase and we are unable to pass on those increases to our customers **. The Company is subject to competition, which may have a material adverse effect on the Company' s business by reducing the Company' s ability to increase or maintain revenues or profitability. The equipment dealership and rental industries are highly competitive and fragmented. Many of the markets in which the Company operates are served by a large number of competitors, ranging from national and multi- regional equipment rental companies to small, independent businesses with a limited number of locations. Some of the Company' s competitors may have significantly greater financial, marketing, and other resources than the Company does, and may be able to reduce rental rates or sales prices in the market and erode customer loyalty, which could negatively impact our business. The Company may encounter increased competition from existing competitors or new market entrants in the future, which could have a material adverse effect on the Company' s business, financial condition and results of operations** . Our sales order backlog may not be indicative of the level of our future revenues. Our sales order backlog represents future production for which we have written orders from our customers for customized and stock equipment. Orders that comprise our backlog may be subject to change in quantities, delivery, specifications and terms, or cancellation. Our backlog **remains** ~~recently increased due to~~ strong **despite a year- over- year decrease** ~~demand, as well as shortages of materials, and labor~~ , and may not remain at such levels in the future. Our reported sales order backlog may not be converted to revenue in any particular period and actual revenue from such orders may not equal our backlog. Therefore, our sales order backlog may not be indicative of the level of our future revenues. A small portion of our workforce is unionized, and more of our workforce could become unionized in the future, which could negatively impact the stability of our production, materially reduce our profitability and increase the risk of work stoppages. Our employees have the right at any time under the National Labor Relations Act to form or affiliate with a union, and unions may conduct organizing activities in this regard. If our employees choose to form or affiliate with a union and the terms of a union collective bargaining agreement are significantly different from our current compensation and job assignment arrangements with our employees, these arrangements could negatively impact the stability of our production, materially reduce our profitability and increase the risk of work stoppages. In addition, even if our managed operations remain primarily non- union, our business may still be adversely affected by work stoppages. The stoppage of work for a prolonged period of time at one, or several, of our principal manufacturing facilities resulting from union or non- union matters could materially adversely affect our business. As a small portion of our workforce is unionized, we are subject to risk of work stoppages and other labor relations matters. As of December 31, ~~2022~~ **2023** , approximately 2 ~~. 5~~ % of the U. S. hourly workers of the Company were represented by a labor union and were covered by a collective bargaining agreement. Any strikes, threats of strikes or other organized disruptions in connection with the negotiation of new labor agreements or other negotiations could materially adversely affect our business as well as impair our ability to implement further measures to reduce costs and improve production efficiencies. We may not be able to attract and retain skilled technicians, which could have a material adverse effect on our ability to meet customer demand. Competition for skilled technicians in our industry, especially during periods of low unemployment or periods of high demand, could increase our labor costs and hinder our ability to meet customer demand, which could have a material adverse effect on our business, financial condition and results of operations. A number of key personnel are critical to the success of our business. Our success is dependent on our ability to attract and retain highly skilled personnel. Competition within our industry and the business world for high- performing management talent is substantial. We have senior executives and other management- level employees with extensive industry experience. We rely on this knowledge and experience in our strategic planning and in our day- to- day business operations. ~~Our success depends in large part upon our ability to retain our senior management, the loss of one or more of whom could have a material adverse effect on our business.~~ Additionally, due to our legacy as a combination of several family- operated businesses, a number of our key employees have **deep institutional knowledge and** family relationships within our organization ~~and our~~ **. An** inability to retain ~~those~~ **these** individuals **or ensure smooth transitions with timely and effective transfers of knowledge** could have a negative impact on our business. Competition for experienced managers and skilled technicians in our industry can be intense. If we fail to retain and recruit the necessary personnel, our business and our ability to retain customers and provide acceptable levels of customer service could suffer. A material disruption to our operation and manufacturing locations could adversely affect our ability to generate revenue. We have several significant production and manufacturing locations. If operations at any of these production and manufacturing locations were disrupted as a result of public health concerns, equipment failures, natural disasters, work stoppages, power outages or other reasons, our business, financial condition and results of operations could be adversely affected. Interruptions in production could increase costs and delay delivery of units in production. Production capacity limits could cause us to reduce or delay sales efforts until production capacity is available. We may be required to take write- downs or write- offs, restructuring and impairment or other charges that could have a material negative effect on our financial condition and results of operations and contribute to negative market perceptions about the Company or its securities, which could cause you to lose some or all of your investment. The cost of new equipment that we purchase for use in our rental fleet or for sale as inventory may increase, and the aging or obsolescence of our existing equipment, and fluctuations in the market value thereof, could have a material adverse effect on our business, financial condition and results of operations. The cost of new equipment from manufacturers that we purchase for use in our rental fleet or for sale may increase as a result of factors beyond our control, such as inflation, higher interest rates and increased labor and raw material costs, including increases in the cost of steel, which is a primary material used in most of the equipment we use or sell. Such increases could materially impact our financial condition and results of operations in future periods if we are not able to pass such cost increases through to our customers in the form of higher prices. In addition, our inventory has increased recently as part of our measures to manage supply chain challenges. Due to changing demands of our customers, the types of equipment we rent or sell to our customers may become obsolete, resulting in a negative impact on our results of operations and financial condition due to, with respect to our rental fleet, increased capital expenditures required to replace the obsolete equipment, and our potential inability to sell the obsolete equipment in the used equipment market. In addition, we may incur losses upon dispositions of our rental fleet due to residual value risk or upon any write- off and write- down of our sales inventory. If the average age of our fleet of rental equipment were to increase, the cost of maintaining our equipment, if not replaced within a certain period of time, will likely increase. If our operating costs increase as our rental equipment fleet ages and we are unable to pass along such costs, our results of operations will be negatively impacted. As of December 31, ~~2022~~ **2023** , the average age of our rental equipment fleet was less than four years. The costs of maintenance may materially increase in the future. Any significant increase in such costs could have a material adverse effect on our business, financial condition and results of operations. In addition, the market value of any given piece of rental equipment could be less than its book value at the time of sale. The market value of used rental equipment depends on several factors, including: • the market price for new equipment of a like kind; • wear and tear on the equipment relative to its age ~~; • the time of year that it is sold (prices are generally higher during the construction seasons)~~ ; • worldwide and domestic demand for used equipment; • the supply of used equipment on the market; and • general economic conditions. We include in operating income the difference between the sales price and the book value of equipment sold. Changes in our assumptions regarding depreciation could change our depreciation expense, as well as the gains or losses realized upon disposal of equipment. We cannot assure you that used equipment selling prices will not decline. Any significant decline in the selling prices for used equipment could have a material adverse effect on our business, financial condition and results of operations. Our business is highly dependent on the timely and sufficient delivery of finished goods, such as commercial vehicles, from our suppliers. We depend on the timely and sufficient delivery of finished goods from our suppliers. ~~Supply chain disruptions, such as the ongoing semiconductor shortage, have impacted us and in the future could continue to limit the ability of our suppliers to meet demand in future periods.~~ Disruptions in the supply chains of these manufacturers and dealers, such as pandemic- related plant and production shutdowns, semiconductor chip shortages, labor and equipment shortages, and transportation delays, have impacted and in the future could significantly impact our ability to meet customer demand and generate revenue, which could have a material adverse effect on our business, financial condition and results of operations. Our business may be impacted by government spending. A number of our customers are impacted by government funding of infrastructure projects. Policies of governments attempting to address local deficit or structural economic issues, or a decrease in expected levels of infrastructure spending, could have a material impact on our customers and markets. Any decrease or delay in government funding of infrastructure projects could cause our revenues and profits to decrease. We may experience losses in excess of our recorded reserves for receivables. We evaluate the collectability of our receivables based on consideration of a customer' s payment history, leverage, availability of third- party financing, political and other factors. Recorded reserves represent our estimate of current expected credit losses on existing receivables and are determined based on historical customer assessments, current financial conditions, and reasonable and supportable forecasts. An unexpected change in customer financial condition or future economic uncertainty could result in additional requirements for specific reserves, which could have a negative impact on our consolidated financial position. Uncertainty relating to macroeconomic conditions may reduce demand for our products and services, resulting in non- performance of contracts by our lessees, limit our ability to obtain additional capital to finance new investments, or have other unforeseen negative effects. Uncertainty and negative trends in general economic conditions in the United States and abroad, including widespread health emergencies, rising inflation and interest rates, the continued conflict between Russia and Ukraine, supply chain disruptions, increases in labor costs, significant tightening of credit markets and commodity price volatility, may create difficult operating environments for our lessees and also for our industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and / or affect the lessees that form our customer base. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital or financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending. If petroleum prices increase, then our results of operations could be adversely affected. Petroleum prices have fluctuated significantly in recent years. Prices and availability of petroleum products are subject to political, economic and market factors that are outside of our control. Political events in petroleum- producing regions as well as hurricanes and other weather- related events may cause the price of fuel to increase. If the price of fuel increases, the demand for our products may decline and transportation and freight costs may increase, which would adversely affect our financial condition and results of operations. Regulatory, technological advancement, or other changes in our core end- markets may affect our customers' spending on the products and services we provide. Many of our customers operate in regulated industries (for example, electric utility T & D, telecom, rail, ~~forestry, waste management~~ and **general** infrastructure) and are subject to laws and regulations that can change frequently and without notice. The adoption of new laws or regulations, or changes to the enforcement or interpretation of existing laws or regulations, could cause our customers to reduce or delay spending on the products and services we provide. Further, technological advancement or other changes not directly related to the products and services we provide may affect the ability of one or more of our customers to compete effectively, which could result in a reduction or elimination of their use of our products and services. Any reduction, elimination, or delay of spending by our customers on the products and services we provide could adversely affect our revenues, results of operations, and cash flows. Integration of acquired businesses may be difficult, costly and time- consuming, and the anticipated benefits and cost savings of acquired businesses may not be realized or may be less than expected. Our ability to realize the anticipated benefits of acquisitions we make will depend, to a large extent, on our ability to integrate the businesses acquired. Integrating acquired businesses is a complex, costly and time- consuming process, and we cannot assure you that we will be able to successfully integrate them or, if the integration is successfully accomplished, that the integration will not be more costly or take longer than presently contemplated. If we cannot successfully integrate and manage acquired businesses within a reasonable time following their acquisition, we may not be able to realize the potential and anticipated benefits of them, which could have a material adverse effect on our business, financial condition and results of operations. Our ability to realize expected synergies and benefits from acquisitions is subject to a number of risks and uncertainties, many of which are outside of our control. These risks and uncertainties could adversely impact our business, financial condition and operating results, and include, among other things: • our ability to complete the timely integration of operations and systems, organizations, standards, controls, procedures, policies and technologies, as well as the harmonization of differences in business cultures; • our ability to minimize the diversion of management attention from ongoing business concerns during the integration process; • our ability to retain the service of key management and other key personnel; • our ability to preserve customer, supplier and other important relationships and resolve potential conflicts that may arise; • the risk that acquired businesses may have liabilities that we failed to discover or fully appreciate in the course of performing due diligence; • difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination; and • difficulties in managing the expanded operations of a larger and more complex combined company. We may encounter additional integration- related costs, fail to realize all of the benefits anticipated or be subject to other factors that adversely affect preliminary estimates of synergies. In addition, even if the operations of acquired businesses are integrated successfully, the full benefits of them may not be realized, including the synergies, cost savings or sales or growth opportunities that we expect. The occurrence of any of these events, individually or in combination, could have a material adverse effect on our financial condition and results of operations. Measures of anticipated synergies we report from time to time are based upon assumptions about our ability to implement integration measures in a timely fashion and within certain cost parameters. Our ability to achieve the planned synergies is dependent upon a significant number of factors, many of which are beyond our control, such as our ability to integrate businesses that we acquire (including the integration of Nesco and Custom Truck LP **(each term as defined below)** ), operating difficulties, increased operating costs, delays in implementing initiatives and general economic, competitive or industry conditions. For example, we may be unable to eliminate duplicative costs in a timely fashion or at all. Additionally, achieving these benefits may require certain related one- time costs, charges and expenses, which may be material. We can provide no assurance that we will be successful in generating growth, maintaining or increasing our cash flows or profitability or achieving cost savings and revenue enhancements, and our inability to do so could have a material adverse effect on our business, results of operations and financial condition. ~~The assumptions and estimates underlying the pro forma cost synergies we report from time to time are inherently uncertain and, although considered reasonable by our management as of the date of this report, are subject to significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial projections, including, among others, risks and uncertainties due to general business, economic, regulatory, market and financial conditions, as well as changes to our businesses, financial condition or results of operations, and other risks and uncertainties included in this " Risk Factors " section.~~ Platinum owns the majority of our equity, and its interests may not be aligned with yours. Platinum owns the majority of our fully diluted shares of common stock and, therefore, has the power to control our affairs and policies. Platinum also controls, to a large degree, the election of directors, the appointment of management, the entry into mergers, sales of substantially all of our assets, and other extraordinary transactions. The directors so elected have authority, subject to the terms of our indebtedness, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of Platinum could conflict with your interests. For example, Platinum is in the business of making investments in companies and, from time to time in the future, may acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Platinum may also pursue acquisition opportunities that may be complementary to our business and, as a result, these acquisition opportunities may not be available to us. Risks Related to the Company' s Indebtedness We have, and may incur, significant indebtedness and may be unable to service our debt. This indebtedness could adversely affect our financial position, limit our available cash and our access to additional capital and prevent us from growing our business. We have a significant amount of indebtedness and may incur additional indebtedness in the future, including in connection with our growth capital expenditure plan. As of December 31, ~~2022~~ **2023** , our total indebtedness was $ 1, ~~394~~ **517** . ~~4~~ **8** million, consisting of $ 920. 0 million in aggregate principal amount of the 2029 Secured Notes, $ ~~437~~ **552** . ~~7~~ **4** million of borrowings under our Asset Based Lending (" ABL ") Facility and ~~finance lease and~~ other debt obligations of $ ~~36~~ **45** . ~~7~~ **4** million (excluding approximately $ ~~430~~ **662** . ~~2~~ **3** million of indebtedness under our floorplan financing agreements). Although the indenture governing our 2029 Secured Notes (the " Indenture ") and the ABL Credit Agreement (as defined below) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant exceptions and qualifications, and the additional indebtedness incurred in compliance with these restrictions could be substantial. Moreover, the Indenture does not impose any limitation on our incurrence of certain liabilities or obligations that are not considered " Indebtedness " under the Indenture (such as operating leases), nor does it impose any limitation on the amount of liabilities incurred by our subsidiaries, if any, that might be designated as " unrestricted subsidiaries " under such Indenture. Similarly, the ABL Credit Agreement does not impose any limitation on our incurrence of certain liabilities or obligations that are not considered " Indebtedness " under the agreement (such as operating leases). The level of our indebtedness could have important consequences, including: • a portion of our cash flows from operations is dedicated to debt service and may not be available for other purposes; • limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • limiting our ability to obtain financing in the future for working capital, capital expenditures and general corporate purposes, including acquisitions, and potentially impeding our ability to secure favorable lease terms; • exposing us to the risk of increased interest rates, as borrowings under our ABL Facility are subject to variable rates of interest; • making us more vulnerable to economic downturns and industry conditions and possibly limiting our ability to withstand competitive pressures; • placing us at a competitive disadvantage compared to our competitors with less indebtedness; • making it more difficult for us to satisfy our obligations with respect to our debt; and • increasing our cost of borrowing. If new debt is added to our current debt levels, the risks that we now face would intensify. To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors, some of which are beyond our control. An inability to service our indebtedness could lead to a default under the Indenture or ABL Credit Agreement, which may result in an acceleration of our indebtedness. To service our indebtedness, we will require a significant amount of cash. Our ability to pay interest and principal in the future on our indebtedness and to fund our capital expenditures and acquisitions will depend upon our future operating performance and the availability of refinancing options, which will be affected by prevailing economic conditions and, the availability of capital, as well as financial, business and other factors, some of which are beyond our control. Our future cash flows may not be sufficient to meet our obligations and commitments. If we are unable to generate sufficient cash flows from operations in the future to service our indebtedness and to meet our other commitments, we will be required to adopt one or more alternatives, such as refinancing or restructuring our indebtedness, selling material assets or operations or seeking to raise additional debt or equity capital. These actions may not be effected on a timely basis or on satisfactory terms or at all, and these actions may not enable us to continue to satisfy our capital requirements. In addition, our existing debt agreements, including the Indenture and the ABL Credit Agreement, contain, or future debt agreements may contain, restrictive covenants prohibiting us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness. The Indenture and the ABL Credit Agreement impose significant operating and financial restrictions on our company and our subsidiaries, which may prevent us from capitalizing on business opportunities. The Indenture and the ABL Credit Agreement impose significant operating and financial restrictions on us. These restrictions will limit our ability, among other things, to: • incur additional indebtedness; • pay dividends or certain other distributions on our capital stock or repurchase our capital stock; • make certain investments or other restricted payments; • cause subsidiaries to pay dividends or make other payments to us; • engage in transactions with stockholders or affiliates; • sell certain assets or merge with or into other companies, reorganize our companies, or suspend or dispose of a substantial portion of our business; • prepay or modify the terms of our other indebtedness; • guarantee indebtedness; and • create liens. There are limitations on our ability to incur the full $ 750. 0 million of commitments under the ABL Facility. Availability will be limited to the lesser of a borrowing base and $ 750. 0 million. The borrowing base is calculated on a monthly (or more frequent under certain circumstances) valuation of our parts inventory, fleet inventory accounts receivable and unrestricted cash (in each case, subject to customary reserves). As a result, our access to credit under the ABL Facility is potentially subject to significant fluctuations, depending on the value of the borrowing base- eligible assets as of any measurement date. With respect to the ABL Facility, on any date when **Specified Excess** Availability (as defined in the ABL Credit Agreement) is less than the greater of (i) 10 % of the lesser of (A) the aggregate revolving commitments under the ABL Facility at such time and (B) the borrowing base at such time (such lesser amount, the " Line Cap ") and (ii) $ 60 million, we will also be required by a springing covenant to maintain a minimum fixed charge coverage ratio of 1. 00 to 1. 00, tested for the four fiscal quarter period ending on the last day of the most recently ended fiscal quarter for which financials have been delivered, and at the end of each succeeding fiscal quarter thereafter until the date on which **Specified Excess** Availability has been equal to or greater than the greater of (x) 10 % of the Line Cap and (y) $ ~~56~~ **60** million for ~~five~~ **30** consecutive ~~business~~ **calendar** days. Our ability to meet the financial covenant could be affected by events beyond our control. The inability to borrow under the ABL Facility may adversely affect our liquidity, financial condition and results of operations. These restrictions could limit our ability to obtain future financing, make strategic acquisitions or needed capital expenditures, withstand economic downturns in our business or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise. A failure to comply with the restrictions in the Indenture and the ABL Credit Agreement could result in an event of default under such instruments or credit agreement. Our future operating results may not be sufficient to enable compliance with the covenants in the Indenture or ABL Credit Agreement or to remedy any such default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to refinance our indebtedness or make any accelerated payments, including those under the Indenture and under our ABL Facility. If we default on our indebtedness, our business, financial condition or results of operations could be materially and adversely affected. If we fail to maintain compliance with these covenants in the future, we cannot assure you that we will be able to obtain waivers from the lenders and / or amend the covenants. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Borrowings under our ABL Facility **and floor plan financing arrangements** are at variable rates of interest, which will expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even if the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 31, ~~2022~~ **2023** , we have variable rate debt, consisting of $ ~~437~~ **1, 214** . 7 million outstanding under the ABL Facility **and floor plan financing arrangements** . Holding other variables constant, each one- eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest expense on the ABL Facility **and floor plan financing arrangements** by approximately $ ~~0~~ **1** . 5 million per year. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to any of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk ~~. The phase- out of LIBOR, and uncertainty as to its replacement, may adversely affect our business. On July 27, 2017, the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calibration of LIBOR after 2021 after which time it can no longer guarantee its availability. In March 2021, the ICE Benchmark Administration Limited, the administrator of LIBOR, extended the transition dates of certain LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. Despite this deferral, the LIBOR administrator has advised that no new contracts using U. S. Dollar LIBOR should be entered into after December 31, 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions, or on any other basis, after such dates. Although alternative reference rates have been proposed, it is unknown at this point which of these alternative reference rates will attain market acceptance as replacements for LIBOR. Certain of our agreements make reference to LIBOR. To prepare for the phase out of LIBOR, we may need to renegotiate these agreements and may not be able to do so on terms that are favorable to us. It is also currently unknown what impact any contract modification will have on our financial statements. Further, the financial markets may be disrupted as a result of the phase out of LIBOR if banks fail to execute a smooth transition to an alternate rate. Disruption in the financial markets or the inability to renegotiate our agreements to remove and replace LIBOR on favorable terms, or a negative impact from any contract modifications, could have an adverse effect on our business, financial condition, and results of operations~~ . Risks Related to Information Technology, Cybersecurity and Data Privacy Disruptions or security compromises affecting our information technology systems or those of our critical service providers could adversely affect our operating results by subjecting us to liability, and limiting our ability to effectively monitor and control our operations, adjust to changing market conditions, or implement strategic initiatives. The security and integrity, or the perception thereof, of our information technology systems and assets (“ IT systems ”) are critical to our business and ability to monitor and control our operations, deliver our products and services, and adjust to changing market conditions. While we own and manage certain of our IT systems, we also engage third parties across an array of software, systems and technologies (including cloud- based) and functions (e. g., HR, finance, communications, compliance), which enable us to conduct, monitor and / or protect our business, operations, systems and data assets. In addition, in the ordinary course of business, we and / or our service providers generate, collect, process and store sensitive information and data, including intellectual property, our proprietary business data and that of our customers, suppliers and business partners, as well as ~~personally~~ -- **personal** ~~identifiable~~ information **(collectively, “ Confidential Information ”)** . We **face evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our IT systems and Confidential Information, and we** and our service providers have experienced and expect to continue to experience cyberattacks and security incidents ~~that impact our IT systems and data~~ . Despite various security controls and measures, we and third parties remain vulnerable to cyberattacks and security incidents resulting from malware (e. g., ransomware), computer viruses, software and hardware vulnerabilities, malfeasance by external or internal actors **(including state- sponsored organizations, opportunistic hackers and hacktivists, and insider data misappropriation)** , and / or incidents attributable to human error (e. g., due to social engineering or phishing) **, as well as malicious code embedded in open- source software, or misconfigurations, “ bugs ” or other vulnerabilities in commercial software that is integrated into our (or our third parties’) IT systems, products or services** . The White House, SEC and other regulators have accordingly increased their focus on companies’ cybersecurity vulnerabilities and risks. We have also observed a global increase, in both frequency and impact, in cybersecurity threats and more sophisticated cyber- attacks and threat actors. Such attacks and threats are unpredictable as to their timing, nature and scope. As a result, we may be unable to anticipate or prevent future attacks, particularly as the methodologies utilized by attackers change frequently or are not recognized until launched, and we may be unable to identify, investigate or remediate incidents due to the increased use by threat actors of tools and techniques **— including artificial intelligence —** that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence **. There can also be no assurance that our cybersecurity risk**

**management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT systems and Confidential Information** . Cybersecurity risks due to work- from- home arrangements at the Company and third parties have **increased due** ~~presented additional opportunities for threat actors~~ to **the challenges associated with managing remote computing assets** ~~engage in social engineering (for example, phishing)~~ and ~~to exploit~~ **the security** vulnerabilities in **many** non- corporate **and home** networks. Any successful or perceived cyberattack, compromise, breach, or disruption involving, or in relation to, our or our service providers' IT systems or ~~data~~ **Confidential Information** , or the failure of any IT systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations ~~and~~ **,** adjust to changing market conditions **and maintain the effectiveness of our internal control over financial reporting** . Further, any compromise or breach of IT systems or ~~data~~ **Confidential Information** could result in adverse publicity, harm our reputation, lead to claims against us and affect our relationships with our customers and employees, and require significant resources for remediation and compliance purposes, any of which could have a material adverse effect on our business. Certain of our software applications are also utilized by third parties who provide outsourced administrative functions, which may increase the risk of a cybersecurity incident. In addition, because our systems may contain sensitive data and information about individuals and businesses, our failure to maintain the security, integrity or confidentiality of the data we hold, whether the result of our ~~own~~ **insider malfeasance or** ~~error~~ **errors** or the malfeasance or errors of others, could harm our reputation or give rise to legal liabilities leading to lower revenues, increased costs for compliance and systems remediation, increased costs of liability for litigation (including class actions) and regulatory proceedings as well as fines and penalties, result in the misuse of our systems and networks, manipulation and destruction of data, misappropriation of assets or production stoppages and supply shortages, and other potential material adverse effects on our results of operations. Our failure to appropriately maintain the security of the data we hold could also violate applicable privacy, data security and other laws and subject us to lawsuits, fines **,** and other means of regulatory enforcement. Global consumer protection, data privacy and cybersecurity rules, regulations and industry standards are rapidly evolving, including laws like the California Consumer Privacy Act ~~and~~ **, as amended by the** California Privacy Rights Act **(collectively, the " CCPA ")** , which provide for a private right of action for certain types of data breaches and create compliance obligations around user choice, data subject rights and transparency, among others. **The requirements of such laws and regulations, as well as their application and interpretation, are constantly evolving and developing.** Complying with ~~any~~ **such** new or changing legal and regulatory requirements could force us to incur substantial expenses or require us to change our business practices in a manner that could harm our business. If any actual or perceived security or disruptive attacks, breaches or incidents are not detected or deflected by our current security measures, we could also be required to expend additional capital and other resources, including costs to deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants. Although we maintain insurance coverage for various cybersecurity risks and liabilities, there can be no guarantee that any or all costs or losses incurred will be partially or fully insured. Risks Related to Legal, Compliance and Regulatory Matters We are subject to complex laws and regulations, including environmental and safety regulations that can adversely affect the cost, manner or feasibility of doing business. Our operations are subject to certain federal, state and local laws and regulations relating to, among other things, climate change, the generation, storage, handling, emission, transportation, disposal and discharge of hazardous and non- hazardous substances and materials into the environment, the manufacturing of motor vehicles and other equipment and employee health and safety. We may require permits or other approvals under certain laws, which may delay our ability to execute portions of our business strategy. Additionally, compliance with such laws and regulations can be costly, and our costs of compliance may increase if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. We currently make, and in future may be required to make additional capital expenditures to comply with environmental and other regulations, such as: • Applicable motor vehicle safety standards established by the National Highway Traffic Safety Administration; • Emissions or other standards related to climate change as established by international, federal, state and local regulatory bodies; • Reclamation and remediation and other environmental protection; and • Standards for workplace safety established by the Occupational Safety and Health Administration. While we monitor our compliance with applicable laws and regulations and attempt to budget for anticipated costs associated with compliance, we cannot predict the future cost of such compliance. Failure to comply with such laws and regulations, including any evolving interpretation and enforcement by governmental authorities, could materially impact our business, financial condition, results of operations and cash flows. We may also be liable, under certain laws and regulations, for product liability, personal injury, other environmental damages (including natural resources), and other claims, as well as the costs of investigation and remediation of environmental contamination and any sanctions, such as fines and penalties. Additionally, certain environmental laws may impose liability without regard to fault or the legality of the original conduct. While compliance with these laws has not historically had a material adverse effect on our operations, our operations could be significantly delayed or curtailed and our costs of operations could significantly increase as a result of regulatory requirements, restrictions or claims. We are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We have identified a material weakness in our internal control over financial reporting which, if not remediated, could result in material misstatements in our financial statements. During the fourth quarter ended December 31, 2021, we identified a material weakness in internal control over financial reporting that related to control deficiencies in information technology general controls (" ITGCs ") for both user access and program change- management for systems supporting all of the Company' s internal control processes and controls, controls over the completeness and accuracy of information used in business process controls and management review controls. Our business process controls (automated and manual) and management review controls were also deemed ineffective because they are adversely impacted by ineffective ITGCs. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual consolidated financial statements will not be prevented or detected on a timely basis. We have developed and are implementing a plan to remediate the material weakness **and in fiscal year 2023, management concluded that the material weakness related to ITGCs was remediated** . The material weakness **related to business process level controls** will not be remediated until all necessary internal controls have been implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address the material weakness or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our annual consolidated financial statements. Moreover, we cannot assure you that we will not identify additional material weaknesses in our internal control over financial reporting in the future. If we are unable to remediate the material weakness, our ability to record, process and report financial information accurately, and to prepare financial statements with the time periods specified by the rules and forms of the Securities and Exchange Commission, could be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties and generally materially and adversely impact our business and financial condition. We are subject to a series of risks related to climate change. There are inherent climate- related risks wherever business is conducted. Various meteorological phenomena and extreme weather events (including, but not limited to, storms, flooding, drought, wildfire, and extreme temperatures) may disrupt our operations or those of our customers and suppliers, require us to incur additional operating or capital expenditures, reduce the demand for certain of our product offerings, or otherwise adversely impact our business, financial condition, or results of operations. Climate change may impact the frequency and / or intensity of such events. While we may take various actions to mitigate our business risks associated with climate change, this may require us to incur substantial costs and may not be successful, due to, among other things, the uncertainty associated with the longer- term projections associated with managing climate risks. Additionally, regulatory, market, and other changes to respond to climate change may adversely impact our business, financial condition, or results of operations. Developing alternatives that satisfy the market' s evolving expectations of vehicle emissions profiles may require us to incur significant costs. Additionally, there are several competing alternatives to replace petroleum- based fuels for vehicles, including but not limited to: electricity, hydrogen, and compressed and / or renewable gas. To the extent potential customers prefer technologies different from those used in the vehicles we develop and manufacture, then demand for such vehicles may not develop as quickly as we expect, or at all. Reporting expectations are also increasing, with a variety of customers, capital providers, and regulators seeking increased information on climate related risks. For example, the SEC has proposed a rule that, if finalized, may require us to incur significant costs to assess and disclose on a range of climate- related data and risks. Increased scrutiny from various parties may also result in increased compliance costs and increased legal risks may also impact our suppliers or customers, which may indirectly impact our business, financial condition, or results of operations. Increased attention to, and evolving expectations for, sustainability and environmental, social, and governance (" ESG ") initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business. Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG and sustainability practices. Expectations regarding voluntary ESG initiatives and disclosures and consumer demand for alternative forms of energy may result in increased costs (including, but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for certain products, enhanced compliance or disclosure obligations, or other impacts to our business, financial condition, or results of operations. ~~While~~ **In the past year, we have published our inaugural ESG report, and** we may in the future engage in **additional** voluntary **ESG** initiatives (such as voluntary disclosures, certifications, or goals, among others) or commitments to improve the ESG profile of our company and / or **our** products ~~,~~ **;** such initiatives or achievements of such commitments may be costly and may not have the desired effect. For example, expectations around company' s management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. In addition, we **have and** may **continue to** commit to certain initiatives or goals and we may not ultimately be able to achieve such commitments or goals due to factors that are within or outside of our control. Moreover, actions or statements that we **have taken and** may take **in the future** based on expectations, assumptions **, methodologies** , or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous **, insufficient, unaligned with stakeholder expectations,** or be subject to misinterpretation **. Certain such expectations, assumptions and methodologies are necessarily uncertain due to the long timelines involved and the varying approaches to identifying, assessing, addressing, and reporting on ESG matters. Our disclosures on these matters, a failure to satisfy evolving stakeholder expectations for ESG practices and reporting, or a failure to meet our commitments or targets on our established timeline may potentially harm our reputation and negatively impact relationships with certain investors and other stakeholders** . Even if this is not the case, our current actions may subsequently be determined to be insufficient by various stakeholders, and we may be subject to investor or regulator engagement on our ESG initiatives and disclosures, even if such initiatives are currently voluntary. **In addition, various policymakers have adopted, or are considering adopting, requirements for extensive disclosures on climate- related and / or other ESG information, which may require us to incur significant additional costs to comply, including the implementation of significant new internal controls on matters historically not subject to such controls, and impose increased oversight obligations on our management and board. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain ESG- related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business. This and other stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our business partners and suppliers may be subject to similar expectations, which may augment or create**

**additional risks, including risks that may not be known to us.** Certain market participants, including major institutional investors and capital providers, use third- party benchmarks and scores to assess companies' ESG profiles in making investment or voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment towards us **and /** or our industry, which could negatively impact our share price as well as our access to and cost of capital. To the extent ESG matters negatively impact our reputation, it may also impede our ability to compete as effectively to attract and retain employees or customers, which may adversely impact our operations.