Risk Factors Comparison 2024-03-29 to 2023-03-31 Form: 10-K

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Set forth below and elsewhere in this Report and in other documents that we file with the SEC are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward- looking statements contained in this Report. You should be aware that the occurrence of any of the events described in these risk factors and elsewhere in this Report could have a material adverse effect on our business, financial condition and results of operations and that upon the occurrence of any of these events, the trading price of our common stock could decline. These factors, among others, raise substantial doubt about the Company' s ability to continue as a going concern within one year after the issuance date of this Report. RISKS RELATED TO OUR BUSINESS, INDUSTRY AND STRATEGY Substantial doubt about our ability to continue as a going concern exists. Our audited financial statements for the period ended December ~~31~~ **30** , ~~2022~~ **2023** were prepared on the assumption that we would continue as a going concern. Those financial statements and the accompanying opinion of our auditor expressed a substantial doubt about our ability to continue as a going concern. Those audited financial statements did not include any adjustments that might result from the outcome of this uncertainty. Our recurring losses, negative cash flows from operating activities, need for additional financing and the uncertainties surrounding our ability to obtain such financing, raise substantial doubt about our ability to continue as a going concern. We have limited cash on hand and will need additional working capital to fund our planned operations. We are subject to significant risks and uncertainties, including failing to secure additional capital to fund our planned operations or failing to profitably operate the business. We intend to raise funds through various potential sources, such as equity or debt financings; however, we can provide no assurance that such financing will be available on acceptable terms, or at all. If adequate financing is not available or we do not achieve profitability and positive cash flows from operating activities, we may be required to significantly curtail or cease our operations, and our business would be jeopardized. Our ability to continue as a going concern is also subject to, among other factors, our ability to collect receivables from our clients when due and **to** invoice our customers in a timely manner **. Under the typical payment terms of our fixed- price contracts, the customer pays us progress payments. These progress payments are based on quantifiable measures of performance or on the achievement of specified events or milestones. If these events or milestones are delayed, it will negatively impact the timing of our cash receipts, which affects our ability to pay our employees and suppliers** . If we are not able collect our receivables when due from our clients, our cash flow will be negatively impacted which could lead to us not being able to meet our current obligations. **Our limited** ~~We do not have material~~ borrowing capacity under our ~~revolving credit~~ **Credit** ~~facility~~ **Agreement** , which **matures on June 15, 2024,** may limit our ability to finance operations or engage in other business activities, which could have a material impact on our financial condition. As of ~~December 31~~ **March 2** , ~~2022~~ **2024** , **we have outstanding borrowings of** ~~the credit limit under the Revolving Credit Facility was~~ $ 1. ~~8~~ **2** million **under the Credit Agreement, which matures on June 15, 2024. The terms of the Credit Agreement allow for** ~~and~~ - **an** ~~outstanding borrowings were~~ **additional term loan of** $ **50** ~~1. 7 million. On March 27~~ , **000 at** ~~2023, we modified~~ the **lender' s discretion** ~~Revolving Credit Facility which reduced the credit limit to $ 0. 9 million and outstanding borrowings to $ 0. 9 million~~ . The limited ~~availability~~ **borrowing capacity** under the ~~Revolving~~ Credit ~~Facility~~ **Agreement** may limit our ability to finance operations or engage in other business activities, which could have a material impact on our financial condition. ~~10If~~ **If** we are unable to collect our receivables, our results of operations and cash flows could be adversely affected. Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed and materials supplied. In the ordinary course of business, we extend unsecured credit to our customers. We may also agree to allow our customers to defer payment on projects until certain milestones have been met or until the projects are substantially completed, and customers typically withhold some portion of amounts due to us as ~~retainage. As of December 31, 2022, we had projects that had $ 0. 1 million in~~ retainage. We bear the risk that our clients will pay us late or not at all. Though we evaluate and attempt to monitor our clients' financial condition, there is no guarantee that we will accurately assess their creditworthiness. To the extent the credit quality of our clients deteriorates or our clients seek bankruptcy protection, our ability to collect receivables and our results of operations could be adversely affected. Even if our clients are credit- worthy, they may delay payments in an effort to manage their cash flow. Financial difficulties or business failure experienced by one or more of our major customers has had and could, in the future, continue to have a material adverse effect on both our ability to collect receivables and our results of operations. ~~Our~~ **10Our** debt obligations may limit our financial flexibility. As of ~~December 31~~ **March 2** , ~~2022~~ **2024** , we had a total of approximately $ 1. ~~7~~ **2** million in debt outstanding under the ~~Revolving~~ Credit ~~Facility~~ **Agreement** , which matures on ~~May 20~~ **June 15** , ~~2023~~ **2024** ~~. On March 27, 2023, we modified the Revolving Credit Facility which reduced the credit limit to $ 0. 9 million and outstanding borrowings to $ 0. 9 million~~ . We may incur additional debt in order to fund our operational activities. A higher level of indebtedness increases the risk that our financial flexibility may deteriorate. Our ability to meet our debt obligations and service our debt depends on future performance. General economic conditions, commodity prices, and financial, business and other factors may affect our operations and our future performance. Many of these factors are beyond our control and we may not be able to generate sufficient cash flow to pay the debt, and future working capital, borrowings and equity financing may not be available to pay or refinance such debt **. Failure to maintain effective disclosure controls and procedures and internal controls over financial reporting could have an adverse effect on the Company' s operations and the trading price of the Company' s common stock. Effective internal controls are necessary for the Company to provide reliable financial reports, effectively prevent fraud and operate successfully as a public company. If the Company cannot provide reliable financial reporting or effectively prevent fraud, the Company' s reputation and operating results could**

be harmed. If the Company is unable to maintain effective disclosure controls and procedures and internal controls over financial reports, the Company may not be able to provide reliable financial reporting, which in turn could affect the Company' s operating results or cause the Company to fail to meet its reporting obligations. Ineffective internal controls could also cause investors to lose confidence in reported financial information, which could negatively affect the trading price of the Company' s common stock, limit the ability of the Company to access capital markets in the future, and require additional costs to improve internal control systems and procedures . The COVID – 19 pandemic has adversely affected and could continue to adversely affect our business, financial condition and results of operations. Our business is dependent upon the willingness and ability of our customers to conduct transactions with us. The COVID – 19 pandemic has caused severe disruptions in the worldwide economy, including the global demand for oil and natural gas. The prolonged nature of the COVID – 19 pandemic has resulted, and may continue to result, in a significant decrease in business and / or has caused, and may in the future cause, our customers to be unable to meet existing payment or other obligations to us, particularly in the event of a resurgence of COVID – 19 in our market areas. The COVID – 19 pandemic may also negatively impact the availability of our key personnel necessary to conduct our business as well as the business and operations of third- party service providers who perform critical services for our business. Because the severity, magnitude and duration of the COVID- 19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict, the impact on our business, financial condition and results of operations remains uncertain and difficult to predict. If COVID – 19 resurges or if the response to contain the COVID- 19 pandemic is unsuccessful, we could experience a material adverse effect on our business, financial condition, and results of operations. Our future revenue depends on our ability to consistently bid and win new contracts, provide high- quality, cost- effective services, and to maintain and renew existing contracts. Our failure to effectively obtain future contracts could adversely affect our profitability. Our future revenue and overall results of operations require us to successfully bid on new contracts, provide high- quality, cost- effective services, and renew existing contracts. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which is affected by a number of factors, such as market conditions, financing arrangements and required governmental approvals. For example, a client may require us to provide a bond or letter of credit to protect the client should we fail to perform under the terms of the contract. When negative market conditions arise, or if we fail to secure adequate financial arrangements or required governmental approvals, we may not be able to pursue particular projects, which could adversely affect our profitability. These factors have impacted our operations in the past several years and may continue to do so. ~~Economic~~ **11Economic** downturns and the volatility and level of oil and natural gas prices could have a negative impact on our businesses. Demand for the services offered by us has been and is expected to continue to be, subject to significant fluctuations due to a variety of factors beyond our control, including demand for engineering services in the petroleum refining, petroleum chemical and pipeline industries and in other industries that we provide services to. During economic downturns in these industries, our customers' need to engage us may decline significantly and projects may be delayed or cancelled. However, these factors can cause our profitability to decline significantly. Our clients' willingness to undertake these activities depends largely on the following factors: ● Prices and expectations about future prices of oil and natural gas; ● Domestic and foreign supply of and demand for oil and natural gas; ~~11~~ ● The cost of exploring for, developing, producing and delivering oil and natural gas; ● Weather conditions, such as hurricanes, which may affect our clients' ability to produce oil and natural gas; ● Available pipeline, storage and other transportation capacity; ● Federal, state and local regulation of oilfield activities; ● Environmental concerns regarding the methods our customers use to produce oil and natural gas; ● The availability of water resources and the cost of disposal and recycling services; and ● Seasonal limitations on access to work locations. Anticipated future prices for oil and natural gas are a primary factor affecting spending by our clients. Historically, the markets for oil and natural gas have been volatile and lower prices or volatility in prices for oil and natural gas typically decreases spending by our clients, which can cause rapid and material declines in demand for our services and in the prices we are able to charge for our services. Further, a sustained period of lower prices and volatility in prices for oil and natural gas can exacerbate the potential for cancellations and adjustments to our backlog from our clients in the oil and natural gas industry. The **Russia-** ~~February 2022 invasion of~~ Ukraine ~~by Russia is an ongoing~~ **war, the Israel- Palestine** conflict ~~. As a result of the invasion~~ , ~~certain events~~ **Houthi attacks in the Red Sea, and Iranian activities in the Strait of Hormuz** are ~~effecting~~ **having various impacts on** the global and United States economy, including increased inflation, substantial increases in the prices of oil and natural gas, large Western companies ceasing to do business in Russia and uncertain capital markets with declines in the leading market indexes. The duration of ~~this~~ **these** ~~conflict~~ **conflicts** and its impact on our business are uncertain, but it is likely to continue causing disruption and instability which may lead to additional volatility in prices for oil and natural gas. We derive a portion of our revenue from U. S. federal, state and local government agencies, and as a result, any disruption in government funding, any change in our ability to comply with various procurement laws and regulations as a U. S. Government contractor, or any exercise by the U. S. Government of certain rights to modify, delay, curtail, renegotiate, or terminate existing contracts for convenience could adversely affect our business. In ~~2022~~ **2023** , we generated approximately ~~18~~ **20** . ~~6~~ **9** % of our revenue from contracts with U. S. federal, state and local government agencies. A significant amount of this revenue is derived under multi- year contracts, many of which are appropriated on an annual basis. As a result, at the beginning of a project, the related contract may be only partially funded, and additional funding is normally committed only as appropriations are made in each subsequent year. Our backlog includes only the portion of the contract award for which funding has been appropriated. Whether appropriations are made, and the timing of payment of appropriated amounts, may be influenced by numerous factors that could affect our U. S. Government contracting business, including the following: ● The failure of the U. S. Government to complete its budget and appropriations process before its fiscal year- end, which may result in U. S. Government agencies delaying the procurement of services; ● Budget constraints or policy changes resulting in delay or curtailment of expenditures related to the services we provide; ● The timing and amount of tax revenue received by federal, and state and local governments, and the overall level of government expenditures; ● Delays associated with insufficient numbers of government staff to oversee contracts; ● Competing political priorities and changes in the political climate with regard to the funding or operation of the services we provide; ● Unsatisfactory performance on government contracts by us or one of our subcontractors, negative government audits or other events that may impair our relationship with federal, state or local governments; ● A dispute with or improper activity by any of our subcontractors; and ● General economic or political conditions. ~~In~~ **12In** addition, we must comply with and are affected by U. S. federal, state, local, and foreign laws and regulations relating to the formation, administration and performance of government contracts. These laws and regulations affect how we do business with our clients and, in some instances, impose additional costs on our business operations. Although we take precautions to prevent and deter fraud, misconduct, and non- compliance, we face the risk that our employees or outside partners may engage in misconduct, fraud, or other improper activities. U. S. government agencies, such as the Defense Contract Audit Agency (" DCAA "), routinely audit and investigate government contractors and evaluate compliance with applicable laws, regulations, and standards. In addition, during the course of its audits, the DCAA may question our incurred project costs. If the DCAA believes we have accounted for such costs in a manner inconsistent with the requirements of applicable laws, regulations and standards, the DCAA auditor may recommend that such costs be disallowed. Historically, we have not experienced significant disallowed costs as a result of government audits. However, we can provide no assurance that the DCAA or other government audits will not result in material disallowances for incurred costs in the future. ~~12Also~~ -- **Also** , U. S. Government projects in which we participate as a contractor or subcontractor may extend for several years. Generally, government contracts include the right to modify, delay, curtail, renegotiate, or terminate contracts and subcontracts at the government' s convenience any time prior to their completion. Any decision by a U. S. Government client to modify, delay, curtail, renegotiate, or terminate our contracts at their convenience may result in a decline in our profits and revenue. We are reviewing strategic transactions and there can be no assurance that we will be successful in identifying or completing any strategic alternative, that any such strategic transactions will result in additional value for our shareholders or that the process will not have an adverse impact on our business. Our Board of Directors continues to review strategic transactions. These transactions could include, but are not limited to, strategic acquisitions, mergers, reverse mergers, the issuance or buyback of public shares, or the purchase or sale of specific assets, in addition to other potential actions aimed at increasing shareholder value. There can be no assurance that the review of strategic transactions will result in the identification or consummation of any transaction. Our Board of Directors may also determine that our most effective strategy is to continue to effectuate our current business plan. The process of reviewing strategic transactions may be time consuming and disruptive to our business operations and, if we are unable to effectively manage the process, our business, financial condition and results of operations could be adversely affected. We could incur substantial expenses associated with identifying and evaluating potential strategic transactions. No decision has been made with respect to any transaction and we cannot assure you that we will be able to identify and undertake any transaction that allows our shareholders to realize an increase in the value of their common stock or provide any guidance on the timing of such action, if any. We also cannot assure you that any potential transaction or other strategic alternative, if identified, evaluated and consummated, will provide greater value to our shareholders than that reflected in the current price of our common stock. Any potential transaction would be dependent upon a number of factors that may be beyond our control, including, but not limited to, market conditions, industry trends, the interest of third parties in our business and the availability of financing to potential buyers on reasonable terms. We do not intend to comment regarding the evaluation of strategic transactions until such time as our Board of Directors has determined the outcome of the process or otherwise has deemed that disclosure is appropriate or required by applicable law. As a consequence, perceived uncertainties related to our future may result in the loss of potential business opportunities and volatility in the market price of our common stock and may make it more difficult for us to attract and retain qualified personnel and business partners. We may consider growing through acquisitions and may not be successful in doing so or in integrating effectively any business or operations we may acquire. As part of our historic business strategy, we have expanded our business through strategic acquisitions. Appropriate acquisitions could allow us to expand into new geographical locations, offer new services, add complementary businesses to expand our portfolio of services, enhance our capital strength or acquire additional talent. Accordingly, our future performance will be impacted by our ability to identify appropriate businesses to acquire, negotiate favorable terms for such acquisitions and effectively and efficiently integrate such acquisitions into our existing businesses. There is no certainty that we will succeed in completing any future acquisitions or whether we will be able to successfully integrate any acquired businesses or to operate them profitably. ~~Acquisitions~~ **13Acquisitions** involve numerous risks, any of which could harm our business, including: ● Difficulties in integrating the operations, technologies, products, existing contracts, accounting and personnel of the target company and realizing the anticipated synergies of the combined businesses; ● Difficulties in supporting and transitioning customers, if any, of the target company; ● Diversion of our financial and management resources from existing operations; ● The price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity; ● Risks of entering new markets in which we have limited or no experience; ● Potential loss of key employees, customers and strategic alliances from either our current business or the target company' s business; ● Assumption of unanticipated problems or latent liabilities, such as problems with the quality of the target company' s services; ● Risks associated with possible violations of the Foreign Corrupt Practices Act and other anti- corruption laws as a result of any acquisition or otherwise applicable to our business; and ● Inability to generate sufficient net income to justify the acquisition costs. ~~13Acquisitions~~ -- **Acquisitions** also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairment in the future that could harm our financial results. In addition, if we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may be diluted, which could lower the market price of our common stock. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of amounts that we anticipate. Our business and operating results could be adversely affected by our inability to accurately estimate the overall risks, revenue or costs on a contract. Revenue recognition for a contract requires judgment relative to assessing the contracts estimated risks, revenue and costs and technical issues. Due to the size, complexity and nature of many of our contracts, the estimation of overall risk, revenue and cost at completion is complicated and subject to many variables. Changes in underlying assumptions, circumstances or estimates have in the past and may continue to adversely affect future period financial performance. We may incur significant costs in providing services in excess of original project scope without having an approved change order. After commencement of a contract, we may perform, without the benefit of an approved change order from the customer, additional services requested by the customer that were not contemplated in our contract price due to customer changes or to incomplete or inaccurate engineering, project specifications, and other similar information provided to us by the customer. Our construction contracts generally require the customer to compensate us for additional work or expenses incurred under these circumstances as long as we obtain prior written approval. A failure to obtain adequate written approvals prior to performing the work could require us to record an adjustment to revenue and profit recognized in prior periods under the percentage- of- completion accounting method. Any such adjustments, if substantial, could have a material adverse effect on our results of operations and financial condition, particularly for the period in which such adjustments are made. There can be no assurance that we will be successful in obtaining, through negotiation, arbitration, litigation or otherwise, approved change orders in an amount sufficient to compensate us for our additional, unapproved work or expenses. Our focus on **three operating segments** ~~four strategic market initiatives~~ could subject us to increased costs and related risks and may not achieve the intended results. Focusing our business activities on **three operating segments** ~~four strategic market initiatives~~ could subject us to increased costs and related risks and we may not achieve the intended results. These initiatives may require additional investments by the Company and additional attention from management, and if not successful, we may not realize the return on our investments as anticipated or our operating results could be adversely affected by slower than expected sales growth or additional costs. The failure to attract and retain key professional personnel could materially adversely affect our business. Our success depends on attracting and retaining qualified personnel even in an environment where the contracting process is more difficult. We are dependent upon our ability to attract and retain highly qualified managerial, technical and business development personnel. In particular, competition for key management personnel continues to be intense. We cannot be certain that we will retain our key managerial, technical, and business development personnel or be able to attract or assimilate key personnel in the future. Failure to attract and retain such personnel would materially adversely affect our businesses, financial position, results of operations and cash flows. 14Our dependence on one or a few customers could adversely affect us. One or a few clients have in the past and may in the future contribute a significant portion of our consolidated revenue in any one year or over a period of several consecutive years. In ~~2022~~ **2023** , our top three clients accounted for ~~17~~ **18** . ~~3~~ **0** %, ~~12~~ **16. 2 % and 6** . 8 ~~% and 7. 9~~ % of our revenue, respectively, and our ten largest customers accounted for ~~66~~ **70** . ~~0~~ **8** % of our revenue. As our backlog frequently reflects multiple projects for individual clients, one major customer may comprise a significant percentage of our backlog at any point in time. Because these significant customers generally contract with us for specific projects, we may lose them in other years as their projects with us are completed. If we do not continually replace them with other customers or other projects, our business could be materially adversely affected. Also, the majority of our contracts can be terminated at will. Although we have long-standing relationships with many of our significant customers, our contracts with these customers are on a project- by- project basis and the customers may unilaterally reduce or discontinue their purchases at any time. In addition, dissatisfaction with the results of a single project could have a much more widespread impact on our ability to get additional projects from a single major client. The loss of business from any one of such customers could have a material adverse effect on our business or results of operations. Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our clients, which could damage our reputation and adversely affect our revenue, profitability and operating results. Our information technology systems are subject to systems failures, including network, software or hardware failures, whether caused by us, third- party service providers, intruders or hackers, computer viruses, malicious code, cyber-attacks, phishing and other cyber security problems, natural disasters, power shortages or terrorist attacks. Any such failures could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. Failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Any system or service disruptions if not anticipated and appropriately mitigated could have a material adverse effect on our business including, among other things, an adverse effect on our ability to bill our clients for work performed on our contracts, collect the amounts that have been billed and produce accurate financial statements in a timely manner. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our results of operations could be materially and adversely affected. We have invested and will continue to pursue further investments in systems that will allow us to achieve and remain in compliance with the regulations governing our business; however, there can be no assurance that such systems will be effective at achieving and maintaining compliance or that we will not incur additional costs in order to make such systems effective. Our backlog is subject to unexpected adjustments and cancellations and is, therefore, an uncertain indicator of our future revenue or earnings. As of December ~~31~~ **30** , ~~2022~~ **2023** , our backlog was $ ~~20~~ **13** . ~~4~~ **3** million. We expect a majority of this backlog to be completed in ~~2023~~ **2024** . We cannot assure investors that the revenue projected in our backlog will be realized or, if realized, will result in profits. Projects currently in our backlog may be canceled or may remain in our backlog for an extended period of time prior to project execution and, once project execution begins, it may occur unevenly over the current and multiple future periods. In addition, project terminations, suspensions or reductions in scope occur from time to time with respect to contracts reflected in our backlog, reducing the revenue and profit we actually receive from contracts reflected in our backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of our backlog in addition to the revenue and profits that we actually earn. The potential for cancellations and adjustments to our backlog are exacerbated by economic conditions, particularly in our chosen area of concentration, the energy industry. The markets for oil and natural gas have been volatile which can exacerbate the potential for cancellations and adjustments to our backlog from our clients in the oil and natural gas industry. Liability claims could result in losses. Providing engineering and design services involves the risk of contract, professional errors and omissions and other liability claims, as well as adverse publicity. Further, many of our contracts require us to indemnify our clients not only for our negligence, if any, but also for the concurrent negligence of our clients. We currently maintain liability insurance coverage, including coverage for professional errors and omissions. However, claims outside of or exceeding our insurance coverage may be made. A significant claim could result in unexpected liabilities, take management time away from operations, and have a material adverse impact on our cash flow. 15Unsatisfactory safety performance can affect customer relationships, result in higher operating costs and result in high employee turnover. Our workers are subject to the normal hazards associated with providing services on construction sites and industrial facilities. Even with proper safety precautions, these hazards can lead to personal injury, loss of life, damage to, or destruction of property, plant and equipment, and environmental damages. We are intensely focused on maintaining a safe environment and reducing the risk of accidents across all of our job sites. However, poor safety performance may limit or eliminate potential revenue streams from many of our largest customers and may materially increase our future insurance and other operating costs. In hiring new employees, we normally target experienced personnel; however, we also hire inexperienced employees. Even with thorough safety training, inexperienced employees have a higher likelihood of injury which could lead to higher operating costs and insurance rates. Our dependence on third- party subcontractors and equipment manufacturers could adversely affect us. We rely on third- party subcontractors as well as third- party suppliers and manufacturers to complete our projects. To the extent that we cannot engage subcontractors or acquire supplies or materials, our ability to complete a project in a timely fashion may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed- price or time- and- material contracts, we could experience losses on these contracts. In addition, if a subcontractor or supplier is unable to deliver its services or materials according to the negotiated contract terms for any reason, including the deterioration of its financial condition or over- commitment of its resources, we may be required to purchase the services or materials from another source at a higher price. This may reduce the profit to be realized or result in a loss on a project for which the services or materials were needed. Force majeure events such as natural disasters or global or national health epidemics or concerns, such as the ~~recent~~ COVID- 19 coronavirus outbreak, could negatively impact the economy and the industries we service, which may negatively affect our financial condition, results of operations and cash flows. Force majeure events, such as hurricanes or global or national health epidemics or concerns, such as the ~~recent~~ COVID- 19 coronavirus outbreak, could negatively impact the economies of the areas in which we operate. For example, in 2017 Hurricane Harvey caused considerable damage along the Gulf Coast not only to the refining and petrochemical industry, but also the commercial segment which competes for labor, materials and equipment resources needed throughout the entire United States. In some cases, we remain obligated to perform our services after a natural disaster even though our contracts may contain force majeure clauses. In those cases, if we are not able to react quickly and / or negotiate contractual relief on favorable terms to us, our operations may be significantly and adversely affected, which would have a negative impact on our financial condition, results of operations and cash flows **. Our cash balance at financial institutions may exceed Federal Deposit Insurance Corporation (" FDIC ") insured amounts. Our cash balances, including funds on deposit with financial institutions, are subject to certain limitations imposed by the FDIC. The FDIC provides deposit insurance coverage up to the maximum limit for each depositor, per insured bank. The standard deposit insurance amount is $ 250, 000 per depositor, per FDIC- insured bank, for each ownership category. Due to the FDIC deposit insurance limits, we may be exposed to the risk of loss on any excess cash balances that exceed the deposit insurance amount. This risk arises from the possibility of financial institutions with whom we have deposits becoming insolvent or unable to honor withdrawal requests, resulting in potential losses on uninsured portions of our cash holdings** . RISKS RELATED TO OUR COMMON STOCK OUTSTANDING The trading price of our stock may continue to be volatile, which could cause you to lose part or all of your investment. The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. In particular, the trading price of our common stock has been highly volatile and could continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. During the past twelve months, the sales price of our stock ranged from a low of $ ~~0~~ **1** . ~~47~~ **01** per share in **February 2024 to a high of $ 5. 84 per share in** March 2023 ~~to a high of $ 2. 24 per share in August 2022~~ . As a result of this volatility, our stock could experience rapid and substantial decreases in price, and you may be able to sell our stock only at a substantial loss to the price at which you purchased our stock. ~~Some~~ **16Some** , but not all, of the factors that may cause the market price of our common stock to fluctuate include: · fluctuations in our quarterly or annual financial results or the quarterly or annual financial results of companies perceived to be similar to us or relevant for our business; · changes in estimates of our financial results or recommendations by securities analysts; · failure of our services or products to achieve or maintain market acceptance; · changes in market valuations of similar or relevant companies; · success of competitive service offerings or technologies; · changes in our capital structure, such as the issuance of securities or the incurrence of debt; · announcements by us or by our competitors of significant services, contracts, acquisitions or strategic alliances; · regulatory developments in the United States, foreign countries, or both; · litigation; · additions or departures of key personnel; · investors' general perceptions; and · changes in general economic, industry or market conditions. ~~16In~~ **In** addition, if the market for energy related stocks, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition, or results of operations. Further, in the past, following periods of volatility in the overall market and the market price of a particular company' s securities, securities class action litigation has often been instituted against these companies. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management. We are not currently in compliance with Nasdaq' s continued listing requirements. If we are unable to comply with Nasdaq' s continued listing requirements, our common stock could be delisted, which could affect the price of our common stock and liquidity and reduce our ability to raise capital. Our common stock is currently listed on Nasdaq. Nasdaq has established certain quantitative criteria and qualitative standards that companies must meet to remain listed for trading on this market. On ~~December 21~~ **November 27**, ~~2022~~ **2023**, we received written notice from Nasdaq indicating that we are not in compliance with ~~the $ 1. 00 minimum bid price requirement for continued listing on Nasdaq, as set forth in~~ Listing Rule 5550 (~~a~~ **b**) ~~(~~ **for continued listing due to our failure to maintain a minimum of $** 2 ~~)~~ **, 500, 000 in stockholders' equity. Nasdaq also determined that we do not meet the alternatives of market value of listed securities or net income from continuing operations for continued listing**. The notice has no immediate effect on the listing of our common stock, and our common stock will continue to trade on Nasdaq under the symbol " ENG " at this time. We ~~may~~ **subsequently submitted a plan to regain compliance and based on such submission, Nasdaq granted us an extension of time until May 27, 2024 to** regain compliance with ~~the minimum bid price requirement in accordance with~~ Listing Rule ~~5810~~ **5550** (~~c~~ **b**) ~~(3) (A) during the 180 calendar day period from December 21, 2022 to June 19, 2023~~. To regain compliance, the **Company** ~~closing bid price of our common stock~~ must ~~meet or exceed~~ **have a minimum** $ ~~1.~~ **2,** ~~00~~ **500** ~~per share for at least ten consecutive business days before June 19~~, **000 stockholders' equity** ~~2023. If we are not in compliance by June 19~~, ~~2023~~ **$ 35**, **000** ~~we may be afforded a second 180 calendar day period to regain compliance. To qualify~~, **000** ~~we would be required to meet the continued listing requirement for~~ market value of **listed securities,** ~~publicly held shares and all other initial listing standards for~~ **or** ~~Nasdaq~~ **$ 500**, **000 net income from continuing operations before May 27** ~~except for the minimum bid price requirement. In addition~~, **2024** ~~we would be required to notify Nasdaq of our intent to cure the minimum bid price deficiency, which may include implementing a reverse stock split~~. If we do not regain compliance within the allotted compliance period (s), including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that our common stock will be subject to delisting. We would then be entitled to appeal the Nasdaq Staff' s determination to a Nasdaq Listing Qualifications Panel and request a hearing. We intend to monitor the ~~closing bid price~~ **value of our stockholder' s equity balance and the value** of our common stock and consider our available options to resolve the noncompliance **matter** with the minimum ~~bid price~~ **stockholder' s equity** requirement. No determination regarding our response has been made at this time. There can be no assurance that we will be able to regain compliance with the minimum ~~bid price~~ **stockholder' s equity** requirement or will otherwise be in compliance with other Nasdaq listing criteria. **A** ~~SEC regulations limit the amount of funds we may raise during any 12- month period pursuant to our shelf registration statement on Form S- 3. Our registration statement on Form S- 3 (File No. 333- 252572), including the accompanying base prospectus and related prospectus supplements, is subject to the provisions of General Instruction I. B. 6 of Form S- 3, which provides that we may not sell securities in a public primary offering with a value exceeding one- third of our public float in any twelve calendar- month period unless our public float is at least $ 75 million. As of January 31, 2023, our public float (i. e., the aggregate market value of our outstanding equity securities held by non- affiliates) was approximately $ 26. 1 million, based on the closing price per share of our Common Stock as reported on Nasdaq on January 31, 2023, as calculated in accordance with General Instruction I. B. 6 of Form S- 3. In addition, during the 12 calendar month period that ends on the date of this filing of this Report, we had offered and sold approximately $ 3. 4 million of our common stock pursuant to the registration statement. If our public float meets or exceeds $ 75 million at any time, we will no longer be subject to the restrictions set forth in General Instruction I. B. 6 of Form S- 3, at least until the filing of our next Section 10 (a) (3) update as required under the Securities Act. 17A~~ possible " short squeeze " due to a sudden increase in demand of our common stock that largely exceeds supply may lead to additional price volatility. Historically there has not been a large short position in our common stock. However, in the future investors may purchase shares of our common stock to hedge existing exposure or to speculate on the price of our common stock. Speculation on the price of our common stock may involve long and short exposures. To the extent an aggregate short exposure in our common stock becomes significant, investors with short exposure may have to pay a premium to purchase shares for delivery to share lenders at times if and when the price of our common stock increases significantly, particularly over a short period of time. Those purchases may in turn, dramatically increase the price of our common stock. This is often referred to as a " short squeeze. " A short squeeze could lead to volatile price movements in our common stock that are not directly correlated to our business prospects, financial performance or other traditional measures of value for the Company or our common stock. ~~A~~ **17A** small number of stockholders own a significant portion of our outstanding common stock, thus limiting the extent to which other stockholders can effect decisions subject to stockholder vote. Directors, executive officers and principal stockholders of ENGlobal and their affiliates, beneficially own approximately ~~31~~ **34. 5** % of our outstanding common stock on a fully diluted basis as of the date of this Report. Accordingly, these stockholders, as a group, are able to affect the outcome of stockholder votes, including votes concerning the adoption or amendment of provisions in our Articles of Incorporation or bylaws and the approval of mergers and other significant corporate transactions. The existence of these levels of ownership concentrated in a few persons makes it unlikely that any other holder of common stock will be able to affect the management or direction of the Company. These factors may also have the effect of delaying or preventing a change in management or voting control of the Company. Our Board of Directors may authorize future sales of ENGlobal common stock, which could result in a decrease in the market value to existing stockholders of the shares they hold. Our Articles of Incorporation authorize our Board of Directors to issue up to an additional ~~39~~ **69**, ~~199~~ **843**, ~~383~~ **417** shares of common stock and an additional 2, 000, 000 shares of undesignated preferred stock as of December ~~31~~ **30**, ~~2022~~ **2023**. Subject to the terms of our Articles of Incorporation, these shares may be issued without stockholder approval unless the issuance is 20 % or more of our outstanding common stock, in which case the NASDAQ requires stockholder approval. We may issue shares of stock in the future in connection with acquisitions or financings. In addition, we may issue restricted stock or options under our 2021 Long Term Incentive Plan. Future issuances of substantial amounts of common stock, or the perception that these sales could occur, may affect the market price of our common stock. In addition, the ability of the Board of Directors to issue additional stock may discourage transactions involving actual or potential changes of control of the Company, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of our common stock. Future issuances of our securities in connection with financing transactions or under equity incentive plans could dilute current stockholders' ownership. We may decide to raise additional funds to fund our operations through the issuance of public or private debt or equity securities. We cannot predict the effect, if any, that future issuances of debt, our common stock, other equity securities or securities convertible into or exchangeable for our common stock or other equity securities or the availability of any of the foregoing for future sale, will have on the market price of our common stock. The issuance of substantial amounts of our common stock or securities convertible into or exchangeable for our common stock (including shares issued upon the exercise of stock options or the conversion or exchange of any convertible or exchangeable securities outstanding now or in the future), or the perception that such issuances could occur, may adversely affect prevailing market prices for our common stock. In addition, further dilution to our existing stockholders will result, and new investors could have rights superior to existing stockholders. ~~18~~ **ITEM 1C. CYBERSECURITY Risk Management and Strategy Securing our business information, intellectual property, customer and employee data and technology systems is essential for the continuity of our business, meeting applicable regulatory requirements and maintaining the trust of our stockholders. Cybersecurity is an important and integrated part of our enterprise risk management function that identifies, monitors and mitigates business, operational and legal risks. 18To help protect us from a major cybersecurity incident that could have a material impact on operations or our financial results, we have implemented policies and controls, including investments in technology tools that focus on cybersecurity incident prevention, identification and mitigation. The steps we have taken to reduce our vulnerability to cyberattacks and to mitigate impacts from cybersecurity incidents include, but are not limited to: software tools to collect, aggregate, and analyze volumes of data from an organization' s applications, devices, servers, and users in real- time so security teams can detect and block attacks, establishing information security policies and standards, implementing information protection processes and technologies, and monitoring our information technology systems for cybersecurity threats. We engage a consulting firm on an annual basis to help us test the effectiveness of our internal controls over financial reporting, which includes general controls related to IT. We are currently working with them to update our control environment to include key controls designed to reduce the risks of cybersecurity threats. We also require third- party service providers to provide an annual SOC- 1 report, which includes among other assurances that controls are in place to maintain the confidentiality and privacy of the information processed by the service organization. In addition, we annually purchase a cybersecurity risk insurance policy that would help defray the costs associated with a covered cybersecurity incident if it occurred. Governance Our Board of Directors is actively engaged in overseeing and reviewing our strategic direction and objectives of the Company, taking into account our risk profile and related exposures, including oversight of risks from cybersecurity threats. As part of this oversight function and the recognition of the increasing exposure of cybersecurity threats, the Company is in the process of working with the Board on measures to strengthen our cybersecurity program and establishing a more formal process to evaluate and enhance the effectiveness of our cybersecurity policies and procedures. Our management team is responsible for managing risk and bringing to the Board' s attention any material near- term and long- term risks to the Company, including risks from cybersecurity threats. Our cybersecurity risk management team is comprised of technically skilled IT professionals with experience in preventing, detecting, mitigating and remediating cybersecurity incidents and testing cybersecurity processes under the leadership of our IT Director, who reports to our Chief Executive Officer. The team works in close coordination with the Chief Financial Officer and Chief Executive Officer on cybersecurity risk management matters. Our IT Director has over 20 years of experience in cybersecurity, data security, IT infrastructure and cloud services. He holds a Bachelor' s Degree of Commerce from the University of Karachi. We have not identified any risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect our operations, business strategy, regulatory compliance, results of operations, or financial condition**